Digital Services Taxes and other Taxes on the Digital Economy

As of 1 February 2025

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This summary is current as of 1 February 2025.

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1. Argentina

Status	▪ On 17 March 2021, the Province of Buenos Aires published Resolution 9/2021 (the Resolution) in the Official Gazette. It sets out the procedure that "substitute taxpayers" (i.e., Argentine residents acting as withholding agents) must follow for "turnover tax" withholding payments related to taxable activities undertaken by non-residents for tax periods beginning 1 January 2021 onwards. ▪ A Law has been enacted in two of Argentina's largest provinces, Buenos Aires City and Buenos Aires Province. As per the current rules, the tax entered into force on 1 January 2021 in both Province of Buenos Aires and Buenos Aires City, applying to payments beginning on such date. It should be mentioned that this tax has also been included in the local regulations of many other provincial jurisdictions with similar characteristics. ▪ "turnover tax" is a gross receipt tax that is levied on a provincial basis on the gross revenues generated by businesses. There are 24 provincial jurisdictions throughout Argentina. While the turnover tax existed for many years, the jurisdictions are now extending the tax to foreign providers of digital services used in Argentina. This expansion represents a distinct addition to previously in- force rules.

Scope	City of Buenos Aires ▪ Digital services are understood to be those developed through the internet network or any adaptation or application of the protocols, platforms or technology used by the internet or another network through which equivalent services are provided which, by their nature, are basically automated, require minimal human intervention and require the use of devices for download, display or use. Province of Buenos Aires ▪ Digital services will be considered, whatever the device used for downloading, viewing or use, those carried out through the internet network or any adaptation or application of the protocols, platforms or technology used by the internet or other network through which equivalent services are provided that, by their nature, are basically automated and require minimal human intervention, comprising, among others, the following: a) The supply and hosting of computer sites and webpages, as well as any other service consisting of offering or facilitating the presence of companies or individuals in an electronic network b) The supply of digitized products in general, including, but not limited to, computer programs, their modifications and updates, as well as access and/or download of digital books, designs, c) Components, patterns and the like, reports, financial analysis or data and market guides d) The remote maintenance, in an automated way, of programs and equipment e) Remote system administration and online technical support f) Web services, comprising, among others, the storage of data with remote or online access, memory services and online advertising g) Software services, including, among others, software services provided on the internet ("software as a service" or "SaaS") through cloud-based downloads h) Access and/or download to images, text, information, video, music, games. This section includes, among other services, the downloading of movies and other audiovisual content to devices connected to the internet, online downloading of games – including those with multiple players connected remotely – the dissemination of music, movies, bets or any other digital content – although it is done through streaming technology, without downloading to a storage device – obtaining jingles, mobile and music tones, viewing online news, traffic information and weather forecasts – even through satellite benefits – weblogs and website statistics i) The provision of databases and any service generated automatically from a computer, through the internet or an electronic network, in response to a specific data entry by the customer i) The services of online clubs or dating websites j) The service provided by blogs, magazines or newspapers online k) The provision of internet services

	l) Distance education or test or exercises, performed or corrected automatically m) The granting, for consideration, of the right to market a good or service on an internet site that functions as an online market, including online auction services n) The manipulation and calculation of data through the internet or other electronic networks
Rate	The rate usually varies between 3% and 5%, but lower or higher rates may apply depending on the province and type of activity. In the two provinces listed, the tax is levied at a rate of 2%, slightly lower than the average rate for this tax, and viewed as a "special rate" on service providers not located in Argentina. The Province of Buenos Aires has issued regulations regarding the resident parties that should act as substitute taxpayers for nonresident providers of digital services.
Thresholds	The Province of Buenos Aires´ regulations foresee thresholds related with the revenues generated by the non-resident service providers, the number of users domiciled in the province and the number of transactions with the referred users. Please note that the amounts of these parameters will vary from year to year. In any case, in practical terms the foreign service providers will be subject to the tax to the extent that they are included in the list of foreign service providers prepared by the corresponding provincial tax authorities.
Exclusions	None specified
Effective date	1 January 2021 in the Province of Buenos Aires and City of Buenos Aires. As regards other provinces extending their turnover taxes to foreign providers of digitally delivered services, the specific rules of each provincial jurisdiction should be reviewed.
EY Global Tax Alerts	▪ Argentine Province of Buenos Aires and City of Buenos Aires impose turnover tax withholding systems on digital services providedby nonresidents (23 December 2019) ▪ Argentine Province of Buenos Aires issues regulations on turnover tax withholdings for nonresidents (29 March 2021)
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2. Australia

Status	▪ On 20 March 2019, the then government announced that it would not proceed with an interim DST but would instead focus on discussions at the Organisation for Economic Cooperation and Development (OECD). ▪ In the 2023-24 Federal Budget, the government announced that Australia will adopt legislation to implement the OECD's Pillar Two rules, effective for income years commencing on or after 1 January 2024.
Scope	N/a
Rate	N/a
Thresholds	N/a
Exclusions	N/a
Effective date	N/a
EY Global Tax Alerts	N/a
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3. Austria

Status	▪ On 21 October 2021, a Joint Statement from Austria, France, Italy, Spain, the United Kingdom (UK) and the United States (US) was released describing a compromise reached by the countries on a transitional approach to the treatment of existing digital services taxes (DSTs) and other relevant similar measures during the interim period before new OECD Pillar One rules come into effect. ▪ Under the compromise, the five European countries, which are not required to withdraw their existing DST regimes until Pillar One takes effect, have agreed to allow a portion of taxes accrued by a multinational enterprise (MNE) under their DSTs or any other unilateral measures before Pillar One takes effect to be credited against the MNE's future Pillar One Amount A tax liability when Pillar One rules are in effect. The US has agreed to terminate its proposed trade actions against the five countries with respect to their existing DSTs and commits not to impose further trade actions with respect to such countries and their DSTs during this interim period. Finally, the six countries are to remain in close contact to ensure there is a common understanding of the agreement and to endeavor to resolve any differences of view. ▪ On 14 January 2021, the European Commission (the Commission) published a roadmap including a public consultation for the introduction of a digital levy. ▪ On 2 June 2020, the US Trade Representative (USTR) announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the UK. These investigations were concluded in January 2021 when the USTR concluded that each of the DST regimes discriminates against US companies, is inconsistent with prevailing principles of international taxation and burdens or restricts US commerce. On 2 June 2021, the USTR announced the imposition of 25% punitive tariffs on goods from Austria, India, Italy, Spain, Turkey, and the UK in response to the countries' Digital Services Tax (DST) regimes.1 In the same announcement, the USTR suspended the imposition of tariffs for 180 days, with collection of the duties not beginning until 29 November 2021 in an effort to provide additional time for the ongoing multilateral negotiations among the nations regarding international taxation at the OECD. ▪ On 23 October 2019, the bill was enacted. ▪ On 4 April 2019, the Austrian Federal Ministry of Finance published a draft bill introducing a new digital advertising tax. The bill, with no significant changes, was passed by the National Council (lower house) on 19 September 2019 and by the Federal Council (upper house) on 10 October 2019.
Scope	Online advertising
Rate	5% (on revenues/turnover)
Thresholds	EUR750m of global annual revenue and EUR25m from digital advertising sales in Austria

Exclusions	None included in bill
Effective date	1 January 2020
Notes	The DST is part of a package of measures that includes the proposed elimination of the VAT exemption for small value imports and a proposal for information reporting requirements for online intermediaries.
EY Global Tax Alerts	▪ Six country Joint Statement on transitional approach to existing unilateral measures during period before Pillar One is in effect (25 October 2021) ▪ USTR proposes 25% punitive tariff on Austrian, Indian, Italian, Spanish, Turkish and UK origin goods in response to each country's DST; Terminates investigations for Brazil, Czech Republic, EU and Indonesia | EY – Global (29 March 2021) ▪ USTR releases findings of Section 301 investigation on DST regimes of Austria, Spain and the UK, and 301 findings on Vietnam's currency valuation practices | EY – Global (21 January) ▪ European Commission launches consultation on EU digital levy | EY - Global (15 January 2021) ▪ USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions (4 June 2020) ▪ Austrian Parliament approves digital advertising tax bill (18 October 2019) ▪ The latest on BEPS – 8 April 2019 (8 April 2019) ▪ Austria publishes draft digital advertising tax bill (8 April 2019) ▪ Austria announces new digital tax (15 January 2019) ▪ USTR announces 25% punitive tariffs on six specific countries in response to their Digital Services Taxes; Suspends tariffs for 180 days (4 June 2021) ▪ USTR releases findings of Section 301 investigation on DST regimes of Austria, Spain and the UK, and 301 findings on Vietnam's currency valuation practices (21 January 2021)
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4. Brazil

Status	▪ In 2023, Congress and Senate passed a bill regarding tax reform in Brazil. ▪ The Reform provides for a major simplification of the Brazilian tax system, streamlining the five existing indirect taxes into just two main taxes (IBS , state and municipal, and CBS , federal) plus an excise tax. ▪ In addition to significantly simplifying the current tax system, the proposal would generate a wide range of changes in markets and relative prices of products and could also impact digital services.
Scope	Every product and every service provided to or by a Brazilian company.
Rate	Not yet specified
Thresholds	Not yet specified
Exclusions	Not yet specified
Effective date	Considering the importance of the Tax Reform, the bill proposes a long transition period, that will start in 2026 and last until 2032.
EY Global Tax Alerts	▪ Brazil Senate considers VAT reform plan | EY - Global
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5. Canada

5.1. Canada - Federal Government

Status	On 20 June 2024, Bill C-59, Fall Economic Statement Implementation Act, 2023, received Royal Assent. The Bill included the introduction of the Digital Services Tax Act (DSTA) and related regulations to implement the Canadian Digital Services Tax (DST). On 3 July 2024, an Order in Council (the OIC) was posted on the Canadian government's website to provide notice that the DSTA would come into force as of 28 June 2024.
Scope	▪ The tax applies to Canadian Digital Services Revenue. ▪ The DST is a 3% tax on Canadian Digital Services Revenue (CDSR) derived from the provision of digital services related to (i) online marketplace, (ii) online advertising, (iii) social media, and (iv) user data. ▪ The DST will apply to resident and non-resident companies, both private and public, with: (i) consolidated revenue of at least EUR 750 million; and (ii) CDSR in excess of CAD 20 million. The Canadian digital revenue threshold is lowered to CAD 10 million for registration purposes. ▪ The DST applies retrospectively from 1 January 2022. If a taxpayer or an affected member of a consolidated group is required to be registered, the taxpayer must register by 31 January of the following calendar year. ▪ The DST is intended as an interim measure until an acceptable OECD/G20 multilateral approach can be implemented.
Rate	3%
Thresholds	▪ Registration: A taxpayer or an affected member of a consolidated group is required to register under the DSTA if it meets the €750m threshold and earns more than CA$10m of Canadian digital services revenue. ▪ Taxation: A taxpayer or an affected member of a consolidated group that meets the global threshold (€750m) and that the Canadian threshold (CA$20m) will be taxed on amount that is in excess of the $20m Canadian threshold
Exclusions	The legislation contains the following exclusions from the definition of an online market place: (i) a digital interface with a single supplier; or (ii) a digital interface whose main purpose is to: (a) provide payment services by facilitating electronic transfer of funds; (b) making advances, granting credit or lending money; or (c) facilitating the supply of financial instruments.

Effective date	Canada's DST legislation was enacted on June 28 2024 with retrospective effects from 1 January 2022.
EY Global Tax Alerts	▪ EY Tax Alert 2023 no 36 - Canada moving ahead with its own digital services tax: revised draft legislation released | EY Canada ▪ EY Tax Alert 2023 no 48 - Digital Services Tax Act has been tabled in the House of Commons | EY Canada ▪ EY Tax Alert 2024 no 37 - Entry-into-force date set for Canada's Digital Services Tax Act | EY Canada
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6. Colombia

Status	▪ Introduced by Law 2277 of 2022 ▪ Applicable since January 2024 ▪ First annual tax return (for 2024) due on 22 April 2025
Scope	▪ Non-residents in Colombia, who sell goods and/or provide digital services to customers and/or users located in Colombia, and which are considered to have a Significant Economic Presence (SEP) in Colombia, are subject to income taxation in Colombia. ▪ As SEP is considered a sort of income taxation, double tax treaties may provide benefits or prevent triggering SEP taxation.
Rate	SEP could be paid in two ways ▪ Via a 10% withholding tax. ▪ Electing to be a SEP tax filer and applying a 3% rate on the gross revenue obtained in the country. In this case a bimonthly advance payment of 2% of the gross revenue is required.
Thresholds	SEP will exist when the non-resident (or its related parties): ▪ Obtains gross revenues of more than 31,300 Tax Value Unit (approximately US$350,000) from transactions carried out with customers and/or users located in Colombia. ▪ Has a systematic and deliberate interaction with the Colombian market, which is presumed to occur if: (i) an interaction or marketing deployment is maintained with 300,000 or more customers and/or users located in Colombia, or (ii) there is the possibility of displaying prices in Colombian pesos (COP) or payment in COP is allowed.
Exclusions	▪ Online education ▪ Certain services subject to special withholding rules (e.g., technical services, technical assistance) ▪ Tax treaty benefits, or multilateral instrument establishing digital taxation
Effective date	Applicable since January 2024

EY Global Tax Alerts	▪ Colombia issues regulations on Significant Economic Presence | EY - Global ▪ Colombian Tax Authority issues new ruling on Significant Economic Presence | EY - Global ▪ Colombian Tax Authority clarifies aspects of Significant Economic Presence | EY - Global
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7. Denmark

Status	▪ On 30 May 2024, the Danish parliament passed Bill No. L 159 of 12 April 2024 introducing a cultural levy on on-demand audio-visual media service providers. The law applies from 1 July 2024.
Scope	▪ The relevant revenues are limited to gross revenues from Denmark stemming from the provision of on-demand audio-visual media services. ▪ The law is applicable irrespective of which business model the service provider applies. For example, the law applies to business models such as subscription video on demand (SVOD), transactional video on demand (TVOD) and combinations thereof. Service providers that solely offer audio on-demand services fall outside of the scope of the law. ▪ The law only applies to service providers established in Denmark and service providers established in another EU Member State that service a target audience in Denmark. Among other things, services will be deemed to target an audience in Denmark if the services include advertising or other promotional measures that specifically target an audience in Denmark, the main language is Danish, or the content or commercial communication specifically targets an audience in Denmark. ▪ A service provider is deemed to be established in an EU Member State if its headquarters is in that Member State and editorial decisions are made in that Member State. If a service provider has its headquarters in a Member State, but editorial decisions are made in a third country, or vice versa, the service provider will be deemed to be established in the Member State if a substantial number of employees engaged in the audio-visual business work in that Member State.
Rate	The base for the cultural levy will be the revenues generated in Denmark. A basic rate of 2% of the Danish revenues will apply to all on-demand streaming companies. A 3% surcharge will apply to companies that invest less than 5% of their Danish revenues in Danish content (i.e., the total rate will be 5%).
Thresholds	15 million Danish Krone
Exclusions	Revenues from sports and news channels, flow television channels, as well as pure distribution of other media service providers are excluded, provided that the distributor has no editorial responsibility. The scope of the law is also subject to the following carveouts: ▪ The law is not applicable to service providers with an annual total turnover of less than 15 million Danish Krone (DKK15m) or with a small Danish audience (less than 1% of the total number of subscriptions on the Danish market). The turnover must include the turnover of partnering enterprises and associated enterprises. ▪ The law is not applicable to on-demand audio-visual streaming services that are offered in connection with the performance of public service activities under section 11 of the Danish law on radio and television activities or offered in connection with the regulations in the other EU Member State where the service provider is established.

Effective date	The law applies from 1 January 2024, and the first payment of the cultural levy must be made in 2025 based on the turnover in 2024.
Notes	▪ The revenues from the new levy will be used to finance the production of Danish movies, fiction series and documentaries. ▪ According to the Danish government, the cultural levy observes the Audio-visual Media Services Directive (EU 2018/1808) and the Organisation for Economic Co-operation and Development (OECD) rules on taxation of the digital economy (base erosion and profit shifting (BEPS)).
EY Global Tax Alerts	▪ Denmark enacts cultural levy on providers of on-demand media services | EY - Global (21 December 2023) ▪ Denmark proposes cultural levy on providers of on-demand streaming services | EY - Global (14 June 2023) ▪ Denmark publishes draft bill introducing a cultural levy of 6% on turnover generated by Danish and EU-based digital streaming platforms and services in Denmark | EY – Global (16 August 2022)
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8. European Union

Status	▪ On 12 July 2021, the European Commission announced that its work on its digital levy proposal will be put on hold to support the finalization of the international tax reform approved by the G20 Finance Ministers. ▪ On 14 January 2021, the European Commission (the Commission) published a roadmap including a public consultation for the introduction of a digital levy - an EU-wide tax on digital business activities, to contribute to the EU's own resources. On 12 July 2021 the EU put digital levy plans on hold to work on finalizing the tax decision endorsed by the G20. ▪ On 16 September 2020, European Commission President Ursula von der Leyen delivered the State of the Union address. She confirmed that an agreement that falls short of a fair tax system that provides long-term sustainable revenues, Europe will come forward with a proposal early next year. The letter of intent sent to the European Parliament and Germany as current EU presidency holder includes the legislative proposal for a digital levy. ▪ On 7 September 2020, it was reported that the European Commission plans to launch an EU digital tax from June 2021 and outlined its proposals to EU tax officials at the High-level Working Group on Taxation last week. The published EU Council agendas indicate that digital taxation is on the agenda for the December ECOFIN meeting of the EU finance ministers. ▪ On 21 July 2020, the European Council (the Council) agreed on a recovery plan and the EU budget for 2021 - 2027. The agreement reached by the leaders of the 27 Member States was reflected in the Council conclusions (the conclusions) published on the same day. The conclusions also include an agreement to introduce EU-wide taxes and levies to complement the existing own resources and to cover more than half of the Next Generation EU (NGEU). The proposed resources include a digital levy from 1 January 2023. ▪ On 1 July 2020, Germany assumed the rotating six-month Presidency of the Council of the European Union (EU) following the Croatian Presidency. Germany will hold the Presidency of the Council of the EU until 31 December 2020. On 30 June 2020, the German Presidency of the Council of the EU published its Program. In the tax area, the program indicates the implementation of the OECD proposals on addressing the tax challenges arising from the digitalization of the economy in the EU. ▪ On 2 June 2020, the US Trade Representative (USTR) announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the UK. ▪ On 27 May 2020, the European Commission presented its proposal for a recovery plan from the crisis that societies and economies face due to COVID-19. To ensure the recovery is sustainable and fair for all EU Member States, the Commission proposed to create a new recovery instrument worth EUR750 billion, called "Next Generation EU." As part of the funding proposal for the instrument, the Commission proposed the introduction of EU taxes to complement the existing own resources. The proposal includes a digital tax applied on companies with a turnover above EUR750 million that could generate up to EUR1.3 billion per year for the EU budget. The analysis and assessment of the Commission's proposal will start immediately in the bodies of the EU institutions with the aim to reach a political agreement at the level of the European Council by July.

Status	▪ In a document dated 1 March 2019 (6873/19, LIMITE, FISC 135, ECOFIN 242, DIGIT 44) the Council of the EU indicated that the initial scope should be limited to the taxation of revenues resulting from the provision of digital advertising services. Taxable revenues obtained by an entity in a tax period shall be treated as obtained in a Member State in that tax period if users with respect to the taxable service are located in that Member State in that tax period. A user shall be deemed to be located in a Member State in a tax period if the advertising in question appears on the user's device at a time when the device is being used in that Member State in that tax period to access a digital interface. Thresholds, rates (3%), etc., remain unchanged in this proposal. ▪ The EU has put its plans for a EU Digital Levy on hold in lieu of the pending implementation of Pillar 1 of BEPS 2.0 ▪ Following the general election of the European Parliament, further details on the fate of the Digital Levy are expected to be communicated once the new Parliament and European Commission have settled in and published their work plan for the next years.
Scope	▪ Revenues resulting from the provision of digital advertising services. Taxable revenues obtained by an entity in a tax period shall be treated as obtained in a Member State in that tax period if users with respect to the taxable service are located in that Member State in that tax period. A user shall be deemed to be located in a Member State in a tax period if the advertising in question appears on the user's device at a time when the device is being used in that Member State in that tax period to access a digital interface.
Rate	TBD
Thresholds	TBD
Exclusions	TBD
Effective date	TBD
EY Global Tax Alerts	▪ G20 Finance Ministers endorse key components of global tax changes and invite holdouts to back the agreement (11 July 2021) ▪ USTR releases findings of Section 301 investigation on DST regimes of Austria, Spain and the UK, and 301 findings on Vietnam's currency valuation practices | EY – Global (21 January 2021) ▪ European Commission launches consultation on EU digital levy | EY – Global (15 January 2021) ▪ USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions (4 June 2020)

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8. European Union – Directive on Administrative cooperation in the field of taxation (DAC7)

Status	Pending (work program of the new EU Commission expected to contain further details)
Scope	▪ New rules have been adopted, introducing a reporting obligation for digital platforms located inside and outside of the EU. This will eventually lead within the EU to an automatic exchange and collection of information between Member States' tax administrations on revenues generated by sellers on digital platforms as of 1 January 2023. The new rules for information from digital platforms are inspired by the OECD work in this area, but they are much wider in terms of scope and businesses affected. ▪ The main difference, however, between the OECD framework and the DAC7, is the inclusion of the "sale of goods" in DAC7. Currently the OECD does not have the sale of goods within its scope under its released Model Rules for "reporting by platform operators with respect to Sellers in the Sharing and Gig Economy" (approved on the 29 June 2020). The aforementioned rules lay out a system requiring digital platforms to collect information on income realized by sellers offering accommodation, transport, and personal services through their digital platforms. The EU, however, through its aim toward harmonization across the Member States for reporting of digital platform operators, sets guidelines in order to provide Member States with the full set of information on the sellers; ultimately, the EU measure strives to increase legal certainty, clarity and fairness across the Member States in this area of taxation. ▪ It is important to note, that the impact of the proposal is global, with the reporting obligations not limited to platforms in the EU or concerning immovable property in the EU. Digital platform operators are advised to timely establish due diligence and information collection processes. Furthermore, the affected companies should assess what changes to their processes and technology enabling them to correctly report the type contemplated in the revised DAC7.
Rate	TBD
Thresholds	TBD
Exclusions	Crowdfunding activities have been removed from the scope of the proposal. Moreover, non-EU platforms would be relieved from reporting to EU tax administrations where such companies have adequate arrangements within the selling Member State, ensuring that equivalent information is exchanged between a non-EU state and a Member State.

Effective date	▪ No later than the 31 January 2024 (with some EU Member States foreseeing grace periods for the DAC7 report for 2023 e.g., 31 March 2024 in Germany)
EY Global Tax Alerts	▪ EU adopts tax transparency rules for digital platforms (DAC7) (ey.com) ▪ See EY Global Tax Alert, OECD releases model rules for data reporting by platform operators for sellers in the sharing economy, dated 8 July 2020. ▪ See EY Global Tax Alert, European Commission opens public consultation into collection and exchange of taxpayer information from digital platform providers, dated 17 February 2020. See EY Global Tax Alert, European Commission adopts package for fair and simple taxation, dated 16 July 2020.
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9. France

Status	
Status	▪ On 15 February 2023, a joint statement was issued between the United States and Austria, France, Spain, Italy and the United Kingdom, which agreed to extend the suspension of digital services taxes until 30 June 2024 (when it was hoped that the Pillar One MLC would have been signed). At the date of this document the signing has not occurred yet. ▪ On 12 March 2024, the US also agreed with Turkey to suspend its digital services tax until the same date. The US Treasury Department published a new joint statement announcing the extension of the compromise agreement to include Turkey. ▪ On 18 December 2023, the G20/OECD Inclusive Framework on Base Erosion and Profit Shifting (the "Inclusive Framework") issued a statement calling for a finalization of the text of the Pillar One multilateral convention (MLC) by the end of March 2024 with a view to holding a signing ceremony by the end of June 2024. ▪ On 21 June 2023, the French tax authorities issued a new revised Guidance on French DST. The Guidance has been modified in 2022 pursuant a March-decision of the French Supreme Court that cancelled part of the Guidance in force at that time. Since the Supreme court ruled that the interpretation provided in the Guidance was going beyond the law, the lawmaker changed it in late 2022 in order to restate some positions of the previous Guidance and also to clarify certain concepts or references. ▪ On 21 October 2021, a Joint Statement from Austria, France, Italy, Spain, the UK and the US was released describing a compromise reached by the countries on a transitional approach to the treatment of existing digital services taxes (DSTs) and other relevant similar measures during the interim period before new OECD Pillar One rules come into effect. ▪ Under the compromise, the five European countries, which are not required to withdraw their existing DST regimes until Pillar One takes effect, have agreed to allow a portion of taxes accrued by a multinational enterprise (MNE) under their DSTs or any other unilateral measures before Pillar One takes effect to be credited against the MNE's future Pillar One Amount A tax liability when Pillar One rules are in effect. The US has agreed to terminate its proposed trade actions against the five countries with respect to their existing DSTs and commits not to impose further trade actions with respect to such countries and their DSTs during this interim period. Finally, the six countries are to remain in close contact to ensure there is a common understanding of the agreement and to endeavor to resolve any differences of view.

Scope	Imposition of the DST in France requires four cumulative conditions: ▪ Existence of a taxable service ▪ 2 categories of in-scope services, divided into two sub-categories: ▪ Digital intermediation services ▪ Marketplaces ▪ Networking ▪ Target online advertising services ▪ Targeting services ▪ Sale of data for the purpose of online targeted advertising ▪ Location of the taxable service in France ▪ Receipt of income in return for the taxable service ▪ Satisfaction of the revenue thresholds for application of the DST, determined on the basis of all entities that are directly or indirectly affiliated based on control
Rate	3% (on revenues in-scope of the DST)
Thresholds	Gross amounts received from worldwide taxable services (as defined by the French DST law) more than EUR750m and gross amounts received from deemed French taxable services (as defined by the French DST law i.e., based on the computation of the so-called French presence ratio which is different for each sub-category of in-scope services) more than EUR25m
Exclusions	Certain regulated financial services; provision of a digital interface by which a person or entity uses it as a single or main basis for providing users with digital content, communication services, payment services, services exclusively provided intragroup, direct sale of goods or services online, and nontargeted advertising
Effective date	1 January 2019

Notes	There is a possibility to set a DST consolidated group, where all DST taxpayers entities appoint a single entity to file and pay DST on their behalf. Based on the law, the amount to be paid is equal, for each taxpayer and for each taxable service, to the product of the following three terms: ▪ The total amounts collected worldwide, in consideration for the provision of the taxable service, referred to as "taxable amounts" ▪ A representative percentage of the portion of the service related to France, known as the "French presence ratio" ▪ The rate of 3%,
EY Global Tax Alerts	▪ Six country Joint Statement on transitional approach to existing unilateral measures during period before Pillar One is in effect (25 October 2021) France issues comprehensive draft guidance on digital services tax (13 April 2020) ▪ French tax authorities confirm postponement of Digital Services Tax payments for 2020, but 2019 payments remain due (11 February 2020) ▪ G7 leader's declaration addresses international tax, France discusses future of French Digital Services Tax (28 August 2019) ▪ French President signs bill on Digital Services Tax and partial freeze of corporate income tax rate decrease (25 July 2019) ▪ French Parliament approves draft bill on partial freeze of corporate income tax rate decrease (16 July 2019) ▪ US initiates action against France's Digital Services Tax, issues additional exclusions on China-origin goods and supplements list of products under EU subsidies dispute (12 July 2019) ▪ France's Parliamentary Commission agrees on Digital Services Tax (3 July 2019) ▪ French government submits draft bill on digital services tax to Council of Ministers (8 March 2019)
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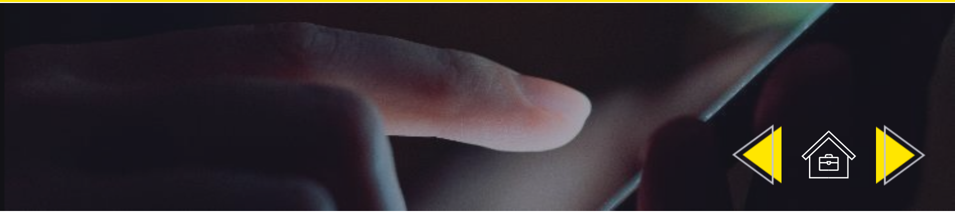

10. Ghana

Status	VAT on Electronic Commerce and Telecommunications services provided by non-resident persons
	▪ Under Ghana's VAT law, unregistered non-resident persons who provide telecommunication services or electronic commerce for use or enjoyment in the country other than through a VAT-registered agent are required to register and account for VAT and related levies.
	▪ A non-resident person who fails to register and/or issue electronic invoice as required by law will be exposed to interest, penalty surcharges, and other restrictions including
	  ▪ A penalty of not more than three times the amount of tax on taxable supplies payable from the time the person was required to register until the time the person complies with the law; and
	  ▪ Restriction on sovereign digital space of Ghana until the person fulfils its obligations.

Scope	▪ In Ghana digital service tax falls within the domain of electronic commerce. Thus, electronic commerce is defined to include a business transaction, including a digital service that takes place through the electronic transmission of data over a communication network such as the internet.
	▪ Digital service is defined to include
	  ▪ Social networking
	  ▪ Online gaming
	  ▪ Cloud services
	  ▪ Video or audio streaming
	  ▪ Digital marketplace operations; and
	  ▪ Online advertisement services.
	▪ Beyond electronic commerce, non-residents are exposed to VAT on their telecommunication transaction services with persons in Ghana which include services that relates to
	  ▪ The transmission, emission, or reception of signals
	  ▪ Writings, images and sounds of information of any nature by wire, radio, optical or other electromagnetic systems including the provision of access, transmission, emission, or reception; and
	  ▪ Political, social, cultural, artistic, sporting, scientific or entertainment broadcast or events.

	▪ Flowing from the above, it could be realized that the definitions are not exhaustive and appears very broad. Therefore, each transaction or activity will have to be assessed to determine the extent of exposure to DST in Ghana.
Rate	▪ Non-resident persons who provide the services outlined above are required to charge and account for VAT at a rate of 15% plus levies of 6% (that is, Ghana Education Trust Fund Levy [GETFUND Levy] of 2.5%, National Health Insurance Levy [NHIL] of 2.5% and Covid-19 Health Recovery Levy of 1%). Input tax deduction is not permitted. ▪ In a business-to-business qualifying transactions, a resident person who is required by the tax authority to be a VAT withholding agent will have to withhold tax on the VAT amount at the rate of 7%. This counts toward the net amount payable by the non-resident person to the tax authority. This is unlikely to occur in a business-consumer transaction.
Thresholds	There is no de minimis rule. Thus, the requirement to register and account for VAT on e-commerce and telecommunication services provided by a non-resident person has no threshold amount.
Effective date	VAT on e-commerce and telecommunication services has been in the VAT laws since 2013. However, the Ghana Revenue Authority appears to have commenced its enforcement of this provision in 2022 when Parliament made some amendments to the law to give specificity and clarity to some aspects of the law.
Notes	None
EY Global Tax Alerts	Ghana enacts various amendments to tax laws introduced in 2022 Mid-year Budget Review Statement | EY - Global
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11. Hungary

Status	▪ Suspended (as of 1 July 2019). ▪ The applicability of procedural provisions containing sanctions is suspended for the period between 1 July 2019 and 31 December 2024. As of 18 November 2024, there is a bill in front of the Parliament to extend the suspension until 31 December 2025. Consequently, taxpayers do not have to comply with the reporting obligations concerning this period if the customer would be subject to the tax. Furthermore, it will not be possible to impose a specific sanction for failure to comply with the registration obligation or to determine presumptive tax.

Scope	▪ Advertisements displayed for consideration:
	  ▪ In media services
	  ▪ In press products published or distributed in Hungary predominantly in the Hungarian language
	  ▪ By means of outdoor advertising media provided for in the Advertising Act
	  ▪ On any means of transport, on real estate properties, or in any printed matter
	  ▪ Over the internet, predominantly in the Hungarian language or on websites written predominantly in Hungarian
	▪ Placing an order for advertisement, unless specific conditions are met to prove that the entity who displayed/published is either exempt from the tax or committed to pay the tax and meet its compliance obligations. The transmission, emission, or reception of signals

Rate	0% for a specified period – between 1 July 2019 and 31 December 2024 – for both the publisher and the customer of the advertisement. As of 18 November 2024, there is a bill in front of the Parliament to extend the period of zero rating until 31 December 2025.
Thresholds	Not yet specified
Exclusions	In cases where the advertisements are displayed/published by certain sport associations and sport organizations

Effective date	Not yet specified
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12. India

Status	Income Tax Act, 1961 Update on Pillar One ▪ On 24 November 2021 the Government of India and the US Department of the Treasury announced that the US had reached a political agreement with India regarding the treatment of DSTs during the interim period prior to full implementation of the OCED's Pillar One agreement. ▪ Under this agreement, and consistent with and applying the same terms as the earlier agreements with Austria, France, Italy, Spain, the United Kingdom, and Turkey, in defined circumstances the liability from India's equalization levy on e-commerce supply of services that U.S. companies accrue in India during the interim period will be creditable against future taxes accrued under Pillar One of the OECD agreement. The period during which the credit accrues will, however, be from 1 April 2022 until either the implementation of Pillar One or 31 March 2024, whichever is earlier. As per the recent Press Release dated 28 June 2024, this period has been extended from 31 March 2024 to 30 June 2024. Significant economic presence (SEP) ▪ The Indian Tax Administration, on 3 May 2021, issued a notification prescribing revenue and user thresholds for the application of a new nexus rule for non-residents in the form of significant economic presence (SEP) which was introduced under the Indian Tax Laws by the Finance Act, 2018. Under the SEP provisions, a non-resident could have a taxable presence by way of business connection in India based on value of transactions undertaken in India or by systematically engaging with a prescribed number of users in India through digital means. The notification prescribes a revenue threshold of INR20 million (US$280,000) for sales to Indian persons or a user threshold of 300,000 (Indian users). If a non-resident exceeds either of these thresholds, the SEP rules will apply, resulting in taxation of the non-resident in India. These thresholds are effective from 1 April 2022, i.e., tax year 2021-22 onwards which aligns with the effective date of the SEP provisions. While the expanded scope of 'business connection' in the form of SEP does not override a tax treaty, which follows the traditional permanent establishment (PE) definition, this development will be of relevance to non-resident taxpayers who are resident in a jurisdiction which does not have a bilateral or multilateral tax treaty with India or the non-resident taxpayer is not eligible for tax treaty benefits. In May 2019, the Indian Tax Administration issued a consultation paper on profit attribution in case of PE including in the case of SEP. The specific rules for attribution are yet to be notified. ▪ No changes or updates made to the SEP rules by the Finance (No 2) Act, 2024. Equalization levy (EL) ▪ In India, the Finance Act, 2016 introduced equalization levy (EL) with effect from 1 June 2016. The EL, as introduced by the Finance Act, 2016, is levied at 6% on the gross consideration received by non-residents for online advertisement and related services from specified persons (Ad EL) (detailed description provided under subsequent sections). ▪ The Finance Act, 2020 expanded the scope of EL to cover gross consideration received by non-resident e-commerce operators (e-com EL). The e-com EL is levied at the rate of 2% on the gross consideration received or receivable by the non-resident e-commerce operator from specified transactions. Further, the Finance Act 2021 amended certain aspects of e-com EL which are applicable on a retrospective basis from 1 April 2020 (detailed description provided under subsequent sections).

- **The Finance (No 2) Act, 2024 has withdrawn e-com EL (2% applicable on the e-commerce supply or services in the hands of non-resident) effective from 1 August 2024.** Corresponding income exemption for the Indian corporate tax purposes for the non-resident taxpayers will be available up to 31 July 2024. Ad EL continues to apply on all advertising revenues earned by the non-residents.

Withholding tax

- As a measure to widen and deepen the tax net, Finance Act, 2020 also introduced withholding tax obligation on e-commerce operators (both resident and non-resident). The withholding at the rate of 1% is applicable on the gross amount of sale or service paid or payable to a resident e-commerce participant if the sale of goods or provision of services is facilitated by the e-commerce operator. The Finance (No 2) Act, 2024 has reduced the withholding tax from 1% to 0.1% with effect from 1 October 2024.

Others

- On 2 March 2021, the Supreme Court (Apex Court of India) ruled in favor of non-Indian taxpayers with computer software sales to Indian customers. The Court ruled that software sales should not be characterized as 'royalties' under the provisions of ITL read with applicable tax treaty, consequently not triggering Indian withholding tax in the absence of a PE (subject to the entity's tax treaty eligibility). Currently, MNEs are evaluating the impact of this decision on their past, present and future transactions. In addition, applicable from 1 April 2020, non-residents will also need to evaluate the impact of the e-com EL (including the expanded scope as per the Finance Act 2021) and its interplay with the ruling.
- On 6 January 2021, further to the announcement made by the US Trade Representative (USTR) on 2 June 2020 that investigations will be conducted into certain jurisdictions (including India) under Section 301 relating to the adoption or contemplated adoption of a DST, the US Trade Representative released its findings that 2% e-com EL was unreasonable and discriminatory against US companies which restricts US commerce and is therefore actionable under Section 301. The Indian Government immediately responded by strongly defending its position on 2% e-com EL primarily on the grounds that the levy ensures a level- playing field for the resident and non-resident e-commerce players in India and does not discriminate against the US companies. On 2 June 2021, based on the investigations the USTR determined to impose additional tariffs on certain goods from India, however suspended the tariffs for up to 180 days to provide additional time to complete the ongoing multilateral negotiations on international taxation at the OECD and in the G20 process.

Goods and Service Tax (GST) Act, 2017

- The definition of Online Information and Database Access and Retrieval (OIDAR) and non-taxable online recipient services under the Integrated Goods and Services Tax (IGST) Act was amended with effective from 1 October 2023.
- New provisions have been inserted under IGST Act, for supply of Online Money Gaming by a person located outside the taxable territory of India to a person located in India. Amendment pertaining to online money gaming further provides for following:
  a) Mandatory single GST registration through simplified registration scheme of a person supplying online money gaming from a place outside India to a place in India.
  b) If supplier does not have a physical presence or does not have a representative for any purpose in India then the foreign supplier shall appoint a person in India who shall be liable for payment of tax.

These amendments also have been effective from 1 October 2023.

- Service providers located outside are now required to report transactions which qualify as 'OIDAR' service with GST registered customers in India in the GST returns. While this amendment was effective 1 October 2023, the functionality to provide this information was made effective to tax payers only from June 2024 on the GST portal.

Scope	Income tax Act, 1961 6% Ad EL ▪ 6% Ad EL is charged on non-resident service provider engaged in providing the following services to any person in India and carrying on business or profession or non-resident having a PE in India, where payments exceed threshold of INR 0.1m. a) Online advertisement b) Any provision for digital advertising space c) Any provision of facility or service for online advertisement d) Any other service which may be notified later by the Indian Government 2% e-com EL (withdrawn with effect from 1 August 2024) ▪ 2% e-com EL is on the amount of consideration received/receivable by a non-resident e-commerce operator from 'e-commerce supply or services.' 'E-commerce supply or services' should be made, provided or facilitated by such non-resident (beyond a threshold of INR20m) during a tax year to: a) A person resident in India b) Non-resident (which entails) sale of advertisement targeted at a customer resident in India or accessing such advertisement through an Indian internet protocol (IP) address c) Non-resident (which entails) sale of data collected from a person resident in India or from a person who uses Indian IP address d) A person who buys goods or services using Indian IP address 'E-commerce supply or services' means (i) online sale of goods; or (ii) online provision of services; or (iii) online sale of goods or online provision of services or both, facilitated by the non-resident. ▪ Finance Act 2021 amended the scope of 'online sale of goods' and 'online provision of services' to include one or more of the following online activities: a) Acceptance of offer for sale b) Placing of purchase order c) Acceptance of the purchase order d) Payment of consideration; or e) Supply of goods or provision of services, partly or wholly. ▪ Finance Act 2021 also amended the scope of 'consideration received or receivable from e-commerce supply or services' to include consideration for sale of goods or provision of services irrespective of whether the e-commerce operator owns such goods or provides/ facilitates such services or not. However, such consideration shall not include consideration for sale of goods which are owned or where services are provided by a person resident in India or if such sales or provision of services are effectively connected to the PE of non-resident in India. ▪ Taxation of royalty or fee for technical services under the ITL would have priority over EL. Further, the income of non-resident (other than royalty or fee for technical services) which is subject to EL, is exempt from the income tax.

SEP

Under the SEP provisions, taxable nexus will be constituted in India based on below parameters

- Scope of the provision
  - a) Sale of goods, services or property by a non-resident to any Indian person, including download of data or software exceeding the prescribed threshold (INR 20m/ approx. US$ 265,000) [revenue threshold]; or
  - b) Systematic and continuous soliciting of its business activities or engaging in interaction with such number of users in India exceeding a prescribed threshold (300,000) [user threshold]
- Further, once the non-resident triggers SEP in India, only so much of the income attributable to the transactions or activities referred to in condition a) or b) above will be taxable in India. The specific rules for attribution are yet to be notified. Additionally, income attributable to transactions and activities referred to in condition a) or b) above will also cover income from all of the following:
  - a) Advertisements which target a customer who resides in India or who accesses an advertisement through an IP address located in India.
  - b) Sale of data collected from a person who resides in India or who uses an IP address located in India.
  - c) Sale of goods or services using data collected from a person who resides in India or who uses an IP address located in India.
- SEP will be determined independent of whether:
  - a) Any agreement for such transactions or activities is entered into within India
  - b) The non-resident has a residence or place of business in India
  - c) The non-resident renders services in India

GST Act, 2017

- The term OIDAR services was earlier defined to mean services whose delivery was mediated by information technology over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimal human intervention and impossible to ensure in the absence of information technology and includes electronics services such as advertising on the internet, cloud services, e-books etc. through telecommunication networks or internet, online supplies of digital content, digital data storage and online gaming.
- This definition has been amended through deletion of words "essentially automated and involving minimal human intervention". This was because it created ambiguity in interpretation and gave rise to subjectivity.
- Earlier the term non-taxable online recipient was defined to mean any government, local authority, governmental authority, an individual or any other person not registered and receiving online information and database access or retrieval services in relation to any purpose other than commerce, industry or any other business or profession, located in taxable territory. The definition has been amended to now mean any unregistered person receiving online information and database access or retrieval services located in taxable territory. Given this service providers located outside India may now be required to obtain GST registration numbers from its customers in India.
- For OIDAR services provided by a person located in a non-taxable territory to an unregistered recipient in India (business-to-consumer [B2C]), the tax is payable by such non-resident supplier by registering for GST in India, regardless of the turnover. For business-to-business (B2B) supplies of such services, tax is payable by the GST registered recipient, under reverse-charge mechanism.

	▪ The rate of GST with respect to such supply (other than online money gaming) shall be 18 percent. ▪ Also, the "Online Money Gaming" has been excluded from the definition of OIDAR services. Online gaming means offering of a game on the internet or an electronic network and includes online money gaming. ▪ Online money gaming means online gaming in which players pay or deposit money or money's worth, including virtual digital assets, in the expectation of winning money or money's worth, including virtual digital assets, in any event including game, scheme, competition or any other activity or process, whether or not its outcome or performance is based on skill, chance or both and whether the same is permissible or otherwise under any other law for the time being in force. ▪ Online money gaming has been treated as specified actionable claim and subjected to GST. ▪ Any failure to comply with the requirement of compliance provisions would result in blocking of public access to information in any computer resource used for supply by such person. ▪ The rate of GST with respect to such supply shall be 28 percent of the amount deposited by the participant. ▪ Service providers located outside India are mandatorily required to mention name of state in which customer is located for B2C transaction for the OIDAR service and online money gaming service provider.
Rate	Income Tax Act, 1961 ▪ Ad EL - 6% on the gross consideration. ▪ e-com EL - 2% on the gross consideration (withdrawn with effect from 1 August 2024). ▪ SEP – Net basis taxation which is based on the profits that are reasonably attributable to the SEP. The specific rules for attribution are yet to be notified. Tax treaty would prevail over ITL for SEP, to the extent benefit available.
Thresholds	Income Tax Act, 1961 ▪ **Ad EL** - Aggregate value of consideration for specified transactions exceeds INR0.1m (approx. US$1,300) in a FY. Threshold to be determined qua each payer, each payee and in each FY (FY refers to 1 April to 31 March) ▪ **e-com EL** - INR20m (approx. US$265,000) during a fiscal year (withdrawn with effect from 1 August 2024). ▪ **SEP –** (a) Revenue threshold - INR 20m/ approx. US$265,000; OR (b) User threshold – 300,000

Exclusions	**Income Tax Act, 1961** **6% Ad EL - Ad EL is not applicable if:** ▪ Non-resident has a PE in India and specified services (as above) are effectively connected to PE in India; or ▪ Aggregate value of consideration for specified transactions do not exceed INR0.1m (approx. US$1,300) in a FY; or ▪ Where payment is not for the purpose of carrying out business or profession. **2% e-com EL (withdrawn with effect from 1 August 2024) – e-com EL is not applicable if:** ▪ Non-resident e-commerce operator has a PE in India and such supply or services is effectively connected with such PE; or ▪ Aggregate value of consideration for specified transactions do not exceed INR20m (approx. US$265,000); or ▪ Where Ad EL is levied on services; or ▪ Transactions are subject to taxation as royalty or fee for technical services. SEP ▪ Where the thresholds are not met [(a) Revenue threshold - INR 20 million/ approx. US$265,000; OR (b) User threshold – 300,000]; or ▪ If EL is paid on SEP covered transaction
Effective date	**Income Tax Act, 1961** ▪ **Ad EL –** 1 June 2016 ▪ **e-com EL** - 1 April 2020 (withdrawn with effect from 1 August 2024). ▪ **SEP –** Provision is effective from 1 April 2021, however operative subject to the tax treaty benefits. Further specific income attribution rules are yet to be notified.
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13. Indonesia

Status	▪ On 2 June 2020, the US Trade Representative (USTR) announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the UK. ▪ In a fast-moving development as part of the country's COVID-19 stimulus efforts, the President of Indonesia released a "government regulation in Lieu of Law" that provides for new taxes on digital transactions. This was subsequently ratified as law. Notably, while the regulation is in immediate effect, implementing regulations are required before each taxing measure can take effect, to set key thresholds needed to enable impacted taxpayers to comply. Specifically, the new rules provide (i) an offshore VAT regime; and (ii) digital PE thresholds, and certain electronic transaction taxes (ETT). ▪ The offshore VAT regime has been implemented from 1 July 2020, with the Indonesian authorities provided the power to register certain offshore parties who conducts Trading Through Electronic ▪ System/e-commerce trade (Perdagangan Melalui Sistem Elektronik- "PMSE") to collect and to remit 11% Indonesian VAT on their digital transactions with the Indonesian customers. ▪ On 25 June 2020, the Directorate General of Taxes (DGT) issued an implementing regulation which governs detailed criteria for certain offshore parties to be appointed as a Value Added Tax (VAT) collector, to collect, to pay as well as to report the VAT, at 11% on the utilization of intangible taxable goods and/or taxable services from outside the Indonesian Customs Area (ICA) within the ICA on the trading done through electronic system/e-commerce trade, among others: ▪ The value of the transaction with the Buyer in Indonesia exceeds Rp 600 million in one) year or Rp. 50 million in one month; and/or b. number of traffic or accessor in Indonesia exceeds 12 thousand in one year or 1 thousand in one month. ▪ The appointed VAT collector is given a Tax Identification Number and must pay the VAT collected for every tax period by the end of the following month after the tax period ends, in IDR, US$ or other currencies determined by the DGT. The VAT collector must submit reports on a quarterly basis that is due by the end of the following month after the quarter. The quarterly periods are January to March, April to June, July to September, October to December. ▪ This regulation is effective on 1 July 2020 and there are some certain offshore parties that have been appointed as VAT collectors, requiring those parties to implement the new rules starting from August 2020 transactions, and make the first VAT payment by the end of September 2020. ▪ On the Corporate Income Tax side, the primary approach is to define a new concept of permanent establishment and subject to in-scope foreign entities to corporate income tax. If the PE definition under a treaty overrides this domestic law, an electronic transaction tax (ETT) is imposed to tax income sourced from Indonesia. Implementing regulations in respect of the types of transactions, thresholds, rate of ETT and other administrative arrangements have not been issued yet.

Scope	Foreign service providers who sell intangible goods or services to Indonesian customers through electronic system/e-commerce and are appointed as VAT Collectors for Indonesian VAT purposes are obliged to collect 11% VAT, to remit the VAT to the State Treasury and to report the VAT to the relevant tax office. Up to30 August 2024, 177 such VAT Collectors have been appointed.
Rate	11%
Thresholds	For VAT purposes, the value of the transaction with the Buyers in Indonesia exceeds Rp. 600,000,000.00 (six hundred million rupiah) in 1 (one) year or Rp. 50,000,000.00 (fifty million rupiah) in 1 (one) month; and/or the amount of traffic or access in Indonesia exceeds 12,000 (twelve thousand) in 1 (one) year or 1,000 (one thousand) in 1 (one) month.
Exclusions	Not yet specified
Effective date	1 July 2020
EY Global Tax Alerts	▪ USTR releases findings of Section 301 investigation on DST regimes of Austria, Spain and the UK, and 301 findings on Vietnam's currency valuation practices | EY – Global (21 January 2021) ▪ Indonesia issues implementing regulations for VAT collection on digital transactions (8 July 2020) ▪ USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions (4 June 2020) ▪ Indonesia issues measures to mitigate impact of COVID-19 (15 May 2020)
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14. Israel

Status	▪ In April 2024, the Israeli district court issued a ruling addressing the proper taxation of a multinational company in the field of digital commerce. The court ruling primarily focused on the appropriate transfer pricing methodology and the profit margins that should be attributed to Israel. The court ruled that the Israeli Tax Authority (ITA) should cancel the existing tax assessments and apply the transfer pricing methodology to a low-risk distributor with suitable profit margins. ▪ The court's ruling highlighted that the taxation of digital economy requires a different approach to accurately reflect the unique nature of digital transactions. ▪ While this decision does not directly create DST implications, it underscores the complexity of taxing multinational digital operations. It also highlighted the need for ongoing refinement of tax approaches to ensure fairness and compliance with both local and international guidelines. ▪ In late April 2019, press reports suggested that the Israeli Tax Authority would propose a DST to the finance minister once they are in place, following recent elections. ▪ A draft circular was published by the Israeli Tax Authority (ITA) in April 2015, on internet activity of foreign companies in Israel. Later, on 11 April 2016, the ITA released their official circular on internet activity of foreign companies in Israel. ▪ The circular focuses on instances in which income of a foreign company could be attributed to a permanent establishment in Israel in the context of the digital economy. The Israeli Tax Authority provides its view on implementation of the permanent establishment principles, distinguishing between foreign companies resident in a treaty country of Israel and companies resident in a non- treaty country. ▪ The ITA recognizes the Organization for Economic Co-operation and Development's work in the final report on Base Erosion and Profit Shifting (BEPS), Action 1: Addressing the Tax Challenges of the Digital Economy, and it notes that traditional principles used to determine the existence of a PE should also apply in the context of digital environment. However, the ITA uses the concept of a significant economic presence to address digital economy challenges even though this concept was dropped from the final BEPS recommendations.
Scope	Not yet specified
Rate	3%-5% (base – not yet specified)
Thresholds	Not yet specified

Exclusions	Not yet specified
Effective date	Not yet specified
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15. Italy

Status	▪ With the approval of the 2025 Italian Budget Law (n. 207 of 30 December 2024), the Italian government removed the €5.5 million threshold for annual revenue from qualified digital services taking place in the Italian territory. This change means that any level of revenue generated in Italy will now be subject to the Digital Services Tax (DST), provided the global threshold of €750 million in worldwide revenue is met. Additionally, the Law introduced new payment terms: ▪ An advance payment equal to 30% of the DST owed for the previous year, due by 30 November of the same calendar year ▪ The balance payment, due by 16 May of the year following the reference year ▪ On 15 October 2024, with the approval of the 2025 Italian Budget Law draft, the Italian government proposed a significant amendment to the DST regulation, outlined in Article 4 of the new draft law. This amendment removes the previously required revenue thresholds, expanding the scope of entities potentially liable to the application of 3% DST. Businesses that previously fell below the DST revenue thresholds and companies performing ancillary digital activities may now be considered to be taxable entities, regardless of the scale of these activities. Companies that qualify as taxable persons under the new rules would need to comply with relevant reporting and accounting obligations starting from 1 January 2025. The proposal is currently under parliamentary discussion and may be subject to changes. ▪ On 15 February 2024, a joint statement was issued between the United States and Austria, France, Spain, Italy and the United Kingdom, which agreed to extend the suspension of digital services taxes until 30 June 2024 (when it was hoped that the Pillar One MLC would have been signed). At the date of this document, the signing has not occurred yet. ▪ On 18 December 2023, the G20/OECD Inclusive Framework on Base Erosion and Profit Shifting (the "Inclusive Framework") issued a statement calling for a finalization of the text of the Pillar One multilateral convention (MLC) by the end of March 2024 with a view to holding a signing ceremony by the end of June 2024. ▪ On 21 October 2021, a Joint Statement from Austria, France, Italy, Spain, the UK and the US was released describing a compromise reached by the countries on a transitional approach to the treatment of existing digital services taxes (DSTs) and other relevant similar measures during the interim period before new OECD Pillar One rules come into effect. ▪ Under the compromise, the five European countries, which are not required to withdraw their existing DST regimes until Pillar One takes effect, have agreed to allow a portion of taxes accrued by a multinational enterprise (MNE) under their DSTs or any other unilateral measures before Pillar One takes effect to be credited against the MNE's future Pillar One Amount A tax liability when Pillar One rules are in effect. The US has agreed to terminate its proposed trade actions against the five countries with respect to their existing DSTs and commits not to impose further trade actions with respect to such countries and their DSTs during this interim period. Finally, the six countries are to remain in close contact to ensure there is a common understanding of the agreement and to endeavor to resolve any differences of view. ▪ On 2 June 2020, the US Trade Representative (USTR) announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the UK. These investigations were concluded in January 2021 when the USTR concluded that each of the DST regimes discriminates against US companies, is inconsistent with prevailing principles of international taxation and restricts US commerce. On 2

	June 2021, the US Trade Representative announced the imposition of 25% punitive tariffs on goods from Austria, India, Italy, Spain, Turkey, and the UK in response to the countries' Digital Services Tax (DST) regimes.1 In the same announcement, the USTR suspended the imposition of tariffs for 180 days, with collection of the duties not beginning until 29 November 2021, in an effort to provide additional time for the ongoing multilateral negotiations among the nations regarding international taxation at the OECD. ▪ In 2021, the Italian Tax Authority published some measures to implement the application of the Italian DST provisions and some official guidance and clarifications to comment on the Italian DST provisions. ▪ The law was enacted with effect from 1 January 2020. ▪ The Italian Budget Law 2020 (Law no.160/2019) provided for the entry into force – as of 1 January 2020 – of a "new" DST replacing the "web tax" introduced by the Italian Budget Law 2019 (Law no.145/2018). No ministry implementing Decree is required for the entry into force of the DST (as was previously the case for the "web tax"). ▪ The Italian Tax Authority: issued the implementing decree on 15 January 2021 that provided also instructions on payment and filing of annual return for FY 2020. ▪ Published the DST annual return on 25 January 2021. ▪ Issued a detailed circular letter on 23 March 2021.
Scope	Roughly follows EU compromise text
Rate	3% (on revenues/turnover from qualifying service, net of VAT)
Thresholds	▪ Global revenues of over €750 million, standalone or at group level, and (standalone or at group level) revenues from qualifying services of over €5.5 million in Italy in the previous calendar year until 31 December 2024. ▪ Effective 1 January 2025, the €5.5 million threshold for annual revenue from qualified digital services taking place in the Italian territory has been removed. This change means that any level of revenue generated in Italy will now be subject to the Digital Services Tax (DST), provided the global threshold of €750 million in worldwide revenue is met.
Exclusions	Qualifying services provided to related entities
Effective date	▪ 1 January 2020 ▪ Effective 1 January 2025 for digital businesses trading below the previous thresholds

EY Global Tax Alerts	▪ Italy approves 2025 Italian Budget Law and other relevant legislation enacting new VAT measures | EY - Global (9 January 2025) ▪ Italy proposes significant changes to the Digital Services Tax (6 November 2024) ▪ Six country Joint Statement on transitional approach to existing unilateral measures during period before Pillar One is in effect (25 October 2021) ▪ USTR announces 25% punitive tariffs on six specific countries in response to their Digital Services Taxes; Suspends tariffs for 180 days (4 June 2021) ▪ USTR proposes 25% punitive tariff on Austrian, Indian, Italian, Spanish, Turkish and UK origin goods in response to each country's DST; Terminates investigations for Brazil, Czech Republic, EU and Indonesia | EY - Global (29 March 2021) ▪ USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions (4 June 2020) ▪ Italy's Digital Services Tax enters into force as of 1 January 2020 (17 January 2020) ▪ Italy's unilateral Digital Services Tax advances (8 November 2019) ▪ Italy introduces new digital services tax (14 January 2019)
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16. Kenya

Status	▪ Significant Economic Presence Tax ▪ On 4 November 2024, Kenya's government tabled before the National Assembly the Tax Laws (Amendment) Bill 2024 and Tax Procedures (Amendment) Bill 2024. The Bills seek to introduce various tax measures which include a new tax to be known as Significant Economic Presence Tax to be payable by a non-resident person whose income from the provision of services is derived from or accrues in Kenya through a business carried out over a digital marketplace. The new tax is intended to replace the Digital Service Tax with Significant Economic Presence to provide for taxation at the effective rate of 3% as opposed to 1.5% under Digital Service Tax. ▪ The Bills have not provided the expected effective date of the proposed tax measures. Digital Service Tax (DST) is charged on the income of a non-resident person derived from or accrued in Kenya from a business carried out over the internet or an electronic network including through a digital marketplace. A digital marketplace has been defined to mean an online or electronic platform that enables the users to sell or provide services, goods, or other property to other users. ▪ With effect from 1 September 2023, the government of Kenya introduced Digital asset tax (DAT).
Scope	▪ Significant Economic Presence Tax will be payable by a non-resident person whose income from the provision of services is derived from or accrues in Kenya through a business carried out over a digital marketplace. ▪ The Cabinet Secretary in charge of the National Treasury is expected to make Regulations to provide guidance on the implementation of the new tax. ▪ The Kenyan Digital Services Tax ("DST") scope is wider than originally proposed, with revenues from all ''digital services'' (and not just 'online marketplace' services) potentially being within scope. Broadly, digital marketplace providers and digital service providers have been subject to DST at a rate of 1.5% of gross revenues in Kenya, if they provide or facilitate the provision of services to a user who is deemed to be located in Kenya. ▪ Taxable persons are required to register through a simplified tax registration framework. Return submission and tax payment are due on or before the 20th day of the month following the end of the month in which the digital services were provided (e.g., if the services are provided in February, the submission and tax payment are due on 20 march). ▪ Kenya DAT is collected by the owner of the platform who facilitates the exchange/transfer of a digital asset. Tax is due within five working days (excluding holidays and weekends) after making the deduction. ▪ There is no threshold test. ▪ Kenya has not signed up to the OECD BEPS 2.0 agreement on the taxation of the digitalized economy.
Rate	▪ Significant Economic Presence Tax – The taxable profit shall be deemed to be 10% of the gross turnover. The deemed taxable profit shall then be subject to corporate income tax at the rate of 30%. ▪ DST - 1.5% on the gross transactional value

	▪ DAT - 3% of the transfer/exchange value of the Digital asset
Thresholds	No threshold has been set for the tax.
Exclusions	Not applicable
Effective date	▪ Significant Economic Presence Tax – Not provided in the Bill ▪ DST - 1 January 2021 ▪ DAT - 1 September 2023
EY Global Tax Alerts	▪ Kenya gazettes VAT regulations on digital marketplace supply (26 October 2020) ▪ Kenya introduces VAT regulations on supply of digital services (19 June 2020) ▪ Kenya Revenue Authority enforces VAT and DST compliance for electronic, internet and digital marketplace supplies
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17. Malaysia

Status	▪ Service Tax on Digital Services (SToDS): In effect since 1 January 2020 ▪ Tourism Tax (TTx) for Digital Platform Service Providers (DPSPs): In effect since 1 January 2023 ▪ New DPSPs - to register within 30 days from date of providing service
Scope	▪ SToDS: With effect from 1 January 2020, foreign service providers who provide digital services to consumers in Malaysia (i.e., either individuals or businesses) are liable to be registered for service tax on digital services (SToDS). ▪ Foreign service providers who are liable to register for SToDS shall apply for registration not later than the last day of the month following the month in which they exceed the registration threshold. Foreign service providers may register by completing and submitting the DST-01 form online via the MySToDS portal. ▪ TTx for (DPSPs): As of 1 January 2023, any person, whether located in Malaysia or outside Malaysia, providing digital platform services relating to online booking of accommodation premises in Malaysia is required to register for and charge "TTx"on supplies to tourists that stay at such accommodation premises.
Rate	▪ SToDS: 8% (6% prior to 1 March 2024) ▪ TTx for DPSPs: Malaysia Ringgit (MYR) 10.00 per room per night
Thresholds	▪ SToDS: Total value of digital services provided to a consumer in Malaysia exceeds RM500,000 per year ▪ TTx for DPSPs: no threshold
Exclusions	SToDS: With effect from 14 May 2020, foreign-registered persons (FRP) may apply group relief (i.e., intragroup exemption) on the provision of digital services to any qualifying group company in Malaysia. However, should the FRPs also provide the same digital services to Malaysian consumers outside of the group of companies (i.e., a third party), all digital services provided to companies within the group as well as the digital services provided to third-party consumers would be subject to SToDS. TTx for DPSPs: The following tourists are exempted from the payment of TTx as per the Tourism Tax (Digital Platform Service Provider) (Exemption) Order 2021: 1. Malaysian citizens 2. Malaysian permanent residents

Effective date	▪ SToDS: 1 January 2020 ▪ TTx for DPSPs: 1 January 2023
EY Global Tax Alerts	▪ Malaysia updates service tax guide on digital services | EY – Global (September 2020) ▪ Malaysia introduces digital service tax | EY – Global (May 2019)
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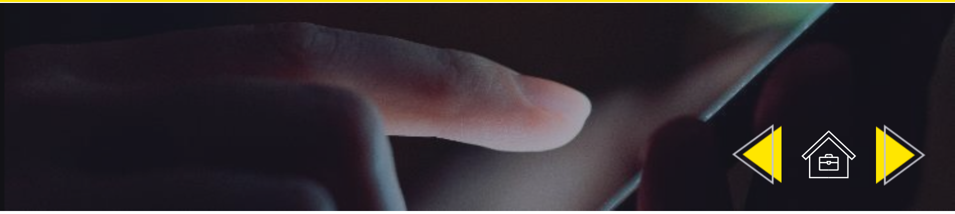

18. Mexico

Status	▪ Currently Mexico does not impose a DST (December 2021). ▪ Effective as of 2022, Mexico City has a contribution on deliveries (e.g., food, parcels) through digital platforms. The new tax is equal to 2% of the total charge before taxes for each delivery made through fixed or mobile devices that allow users to contract for the delivery of parcels, food, provisions, or any type of merchandise delivered in Mexico City's territory. This tax is to be paid by the platform and cannot be transferred to the clients or persons making the delivery. ▪ The tax authority (Servicio de Administración Tributaria) published the Miscellaneous Fiscal Resolution which includes rules and guidance on the remission of withholding tax by foreign digital service providers. ▪ In 2018, a DST Bill was submitted to the Mexican Congress to apply a 3% tax on the revenue of digital providers that are residents in Mexico or that have a permanent establishment in the country. The Bill was not approved by the Congress. ▪ As of March 2021, a 16% VAT is applicable on digital services provided by foreign residents with no permanent establishment in Mexico when the recipient of the service is located in Mexico. This tax applies to certain digital services such as providing access to content for users, gaming and learning; the law also applies to platforms providing intermediation services. The foreign digital supplier is obligated to meet several compliance and disclosure obligations before the Mexican tax authorities. These obligations include, but are not limited to, registering in Mexico, reporting and emitting tax on a monthly basis and providing certain disclosures as to services provided in Mexico ▪ On 9 March 2022, the tax authorities published a list of almost 141 foreign digital service providers registered before the Mexican tax authorities.
Scope	▪ Mexico City has a contribution on deliveries (e.g., food, parcels) through digital platforms for the delivery of parcels, food, provisions, or any type of merchandise delivered in the territory of Mexico City territory. This tax is paid by the platform and cannot be transferred to the clients or persons making the delivery. ▪ VAT is applicable on digital services provided by foreign residents with no permanent establishment in Mexico when the recipient of the service is located in Mexico. This tax applies to certain digital services such as providing access to content for users, gaming and learning; the law also applies to platforms providing intermediation services
Rate	▪ Mexico City contribution on deliveries 2% ▪ VAT 16%
Thresholds	N/A
Exclusions	N/A

Effective date	▪ Mexico City contribution on deliveries 2022 ▪ VAT March 2021
EY Global Tax Alerts	▪ Mexico's Tax Administration issues additional regulations on obligations of foreign digital service providers (13 May 2020) ▪ Mexico's tax authorities issue temporary regulations for nonresident providers of digital services (28 January 2020) ▪ Mexico's tax reform: Implications for foreign digital service providers (18 November 2019) ▪ Mexico City's 2022 economic proposal includes the imposition of new taxes on certain digital services (ey.com) (8 December 2021)
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19. Nepal

Status	**DST** ▪ Inland Revenue Department has issued "Procedures relating to digital service tax, 2079 (2022)" in exercise of powers conferred by Sub-section (5) of section 20 of Finance Act, 2079 pursuant to which a non-resident person providing taxable digital services to consumers in Nepal is required to pay Digital Services Tax (DST) subject to a specified threshold. **VAT** ▪ The Inland Revenue Department has issued "Procedure relating to value added tax on digital service provided by non-resident person, 2079 (2022)", in exercise of powers conferred by Section 10b1, Sub-section (1b) of section 18 and Sub-section (7b) of Section 19 of Value Added Tax Act, 2052 (1995), pursuant to which a non-resident person providing taxable digital services to consumers in Nepal are liable to collect and pay VAT subject to a specified threshold. ▪ After the Nepal Budget announced in May 2024, there has been a change to the DST and VAT thresholds for digital services provided by non-residents to consumers in Nepal.
Scope	**DST** ▪ The DST covers digital services whose delivery requires the use of information technology and are provided automatically through the internet with minimal human intervention. These services include (i) advertisements; (ii) cloud services; (iii) data storage services; (iv) e-books, e-libraries, e-newspapers; (v) education, consultancy, skill development and training services; (vi) downloads of data, images and similar services; (vii) gaming services; (viii) movies, television, music, over-the-top and other similar subscription based services; (ix) online market place services and goods and services to be provided through it; (x) sales of data collected from Nepalese residents; (xi) services related to mobile applications; (xii) supply and updates of software; and (xiii) other similar services. ▪ A non-resident person subject to DST is required to register and obtain a taxpayer identification number and must file a tax return and pay tax online within three months of the completion of an income year, otherwise penalties apply. **VAT** ▪ A non-resident person subject to VAT is required to register under the VAT laws, issue an electronic invoice for each sale and file a tax return and pay tax online otherwise penalties may apply. ▪ Every taxable person must file a VAT return for each tax period, by the 25th day of the following month. Where annual taxable turnover is greater than NPR10 million in a financial year (as per the Nepali calendar[1]), the filing obligation is monthly. Where annual taxable turnover is equal to or less than NPR10 million, the filing obligation is four-monthly (i.e., the returns are filed every four months). The tax period in Nepal is the calendar month. ▪ Digital services provided to persons other than taxable persons are subject to VAT under the normal reverse charge mechanism as the same would qualify as an import of service.

[1] The Nepali financial year runs from mid-July, for 2024/2025 the dates are 16 July 2024 to 15 July 2025). Please note that the date references in this chapter are based on the Nepalese calendar, which is 57 years ahead of the Gregorian calendar.

Rate	▪ DST 2% ▪ VAT 13%
Thresholds	**DST** ▪ The DST is not applicable to transactions (i.e., taxable digital services rendered by non-residents to consumers to in Nepal) of a value of up to NPR 2 million (approximately USD 15,000) in an income year but it will be levied on the entire transaction if the amount exceeds NPR 2 million (approximately USD 15,000) in an income year. With effect from 16 July 2024, the threshold has been increased to NPR 3 million (approximately USD 22,300) **VAT** ▪ VAT is not applicable to transactions (i.e. taxable digital services rendered by non-residents to consumers to in Nepal) of value of up to NPR2 million (approximately USD 15,000) in the previous 12 months. With effect from 28 May 2024, the threshold has been increased to NPR 3 million (approximately USD 22,300). ▪ Even where the threshold is expected to cross NPR 3 million in a financial year as per the Nepali calendar, the entity may obtain registration and collect VAT from the date of registration.
Exclusions	DST and VAT ▪ Taxable consumers do not include persons consuming goods or services for business purposes or a person buying such goods or services for business using separate arrangements.
Effective date	DST - 17 July 2022 VAT - 29 May 2022
EY Global Tax Alerts	https://www.ey.com/en_gl/tax-alerts/nepal-inland-revenue-department-amends-vat-and-dst-procedures-re (28 August 2023)
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FY 2024-2025 (2081-82)

Nepalese Month Name	Nepalese Year	Gregorian Month Name	Gregorian Year	Sales transaction Start Date	Sales transaction End Date	Due Date
Shrawan	2081	August	2024	16-Jul-24	16-Aug-24	10-Sep-24
Bhadra	2081	September	2024	17-Aug-24	16-Sep-24	11-Oct-24
Ashwin	2081	October	2024	17-Sep-24	16-Oct-24	10-Nov-24
Kartik	2081	November	2024	17-Oct-24	15-Nov-24	10-Dec-24
Mangsir	2081	December	2024	16-Nov-24	15-Dec-24	09-Jan-25
Poush	2081	January	2025	16-Dec-24	13-Jan-25	07-Feb-25
Magh	2081	February	2025	14-Jan-25	12-Feb-25	09-Mar-25
Falgun	2081	March	2025	13-Feb-25	13-Mar-25	07-Apr-25
Chaitra	2081	April	2025	14-Mar-25	13-Apr-25	08-May-25
Baisakh	2082	May	2025	14-Apr-25	13-May-25	08-Jun-25
Jestha	2082	June	2025	14-May-25	13-Jun-25	09-Jul-25
Asadh	2082	July	2025	14-Jun-25	15-Jul-25	09-Aug-25

For DST the return due date is 3 months after the end of an income year, generally in mid-October each year. The date may vary by 1 to 2 days, based on the Nepali calendar year.

20. New Zealand

Status	In New Zealand, a Digital Services Tax (DST) Bill proposes to implement a flat 3% digital services tax, if insufficient progress is made toward implementation of Pillar One of the BEPS 2.0 project. The proposed application date (1 January 2025) could be deferred by up to five years. The DST Bill does not represent a definitive commitment to impose a DST. Instead, it is intended to serve as a backstop and provide the government with legislative flexibility if an acceptable multilateral solution cannot be implemented within a reasonable timeframe. The timeframe for enactment of the DST Bill at this stage is therefore unclear. As of 10 November 2024, the DST Bill is still awaiting its first reading in Parliament and the current government has not yet released any details regarding whether or how it will progress the DST.
Scope	▪ Applies to in-scope "taxable digital services" – principally the provision of intermediation platforms, social media and content sharing platforms, and internet search engines. ▪ Additional in-scope activities include: ▪ Advertising on, linked to, connected with or facilitated by a relevant platform or search engine. ▪ Activities in relation to user-generated data, gathered in connection with a relevant platform, search engine or advertising described above. ▪ Incidental activities in relation to a relevant platform, search engine or advertising described above.
Rate	▪ 3% on the group's gross "taxable digital services" revenue attributable to New Zealand users or New Zealand land.
Thresholds	The DST will apply to a digital services group if both of these conditions are met: ▪ The group's global annual gross "taxable digital services" revenue is at least EUR750m. ▪ Annual gross "taxable digital services" revenue attributable to New Zealand users or New Zealand land exceeds NZD3.5m.
Exclusions	Digital activities or services that do not generate significant value from active user participation are generally excluded from the DST. For example: ▪ Taxable digital services that are merely incidental to a supply of goods or services that is not a taxable digital service ▪ Regulated or supervised online financial marketplace activities ▪ Loyalty program online platforms ▪ While not specifically excluded, e-commerce and the provision of online content (such as tv, film and music streaming services, online tv and radio broadcasting, and the supply of digital news articles and video game subscription services) are intended to be outside the scope of the DST

Effective date	Earliest implementation by 1 January 2025, with legislative flexibility to defer the start date by up to five years to 1 January 2030. The ability to defer the commencement date gives the government time to monitor implementation of Pillar One of the OECD's Two-Pillar multilateral solution and decide whether the DST Bill is necessary. If the DST is imposed, the intention is that it will be repealed if an acceptable multilateral solution is implemented.
Notes	▪ Forecasts released by the New Zealand Treasury indicate that, if implemented, the DST will result in revenue of NZ$320m over the period 2026 - 2028, with an additional NZ$98m per annum expected beyond the forecast period. ▪ The DST Bill has adopted the concept of a "New Zealand user" as opposed to tax residency. A "New Zealand user" is defined to include any user of the digital services normally located in New Zealand, which could be determined by various factors including billing and internet protocol (IP) addresses, telephone area codes, bank details, and geolocation information.
EY Global Tax Alerts	▪ New Zealand government reinstates Digital Services Tax Bill, following General Election | EY - Global (8 December 2023) ▪ New Zealand introduces draft Digital Services Tax legislation (7 September 2023)
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21. Nigeria

Status	▪ The Finance Act, 2019 and the Companies Income Tax (Significant Economic Presence) Order, 2020 expanded the scope of taxation of nonresident companies (NRCs) performing digital services in Nigeria. ▪ NRCs deriving income from digital services are deemed to derive income from Nigeria to the extent that such NRCs have a significant economic presence (SEP) in the country. ▪ NRCs deemed to have a SEP in Nigeria are required to register for taxes and to comply with the relevant income tax filing and payment obligations in Nigeria. ▪ The Finance Act 2021 provided that nonresident companies liable to tax on profits arising from digital goods and services under the SEP rule may be assessed on fair and reasonable percentage of turnover if there is no assessable profit, the assessable profit is less than expected or the assessable profit cannot be ascertained.
Scope	Foreign companies undertaking the following activities are deemed to have a SEP in Nigeria: ▪ Category 1 – A foreign company using digital platforms to derive gross income equal to or greater than N25 million (or its equivalence in other currencies) in a year of assessment, from any of the following activities (or combination thereof): ▪ Streaming, or downloading services of digital contents to any person in Nigeria ▪ Transmission of data collected about Nigerian users, which has been generated from such user's activities on a digital interface, including a website or mobile application. ▪ Provision of goods or services directly or indirectly to Nigerians through digital platforms. ▪ Provision of intermediation services through digital platforms that link suppliers and customers in Nigeria. ▪ Category 2 – A foreign company that uses a Nigerian domain name (.ng) or registers a website address in Nigeria. ▪ Category 3 – A foreign company that has a purposeful and sustained interaction with persons in Nigeria by customizing its digital platform to target persons in Nigeria or reflecting the prices of its products, services or options of billing or payment in the local currency, Naira.
Rate	Corporate income tax at 30% of taxable profits.
Thresholds	N25 million (approximately US$26,000) for Category 1 transactions
Exclusions	Foreign companies covered under any multilateral/consensus agreement to address tax challenges arising from digitalization of the economy to which Nigeria is a party, to the extent that such agreement is effective. So far, Nigeria has not signed up for BEPS 2.0.

Effective date	14 January 2020
EY Global Tax Alerts	▪ Update on Finance Bill 2019 (10 December 2019) ▪ Nigeria issues order on definition of significant economic presence in Nigeria (2 June 2020)
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22. Spain

Status	▪ On 15 February 2023, a joint statement was issued between the United States and Austria, France, Spain, Italy and the United Kingdom, which agreed to extend the suspension of digital services taxes until 30 June 2024 (when it was hoped that the Pillar One MLC would have been signed). At the date of this document the signing has not occurred yet. ▪ On 12 March 2024, the US also agreed with Turkey to suspend its digital services tax until the same date. The US Treasury Department published a new joint statement announcing the extension of the compromise agreement to include Turkey. ▪ On 18 December 2023, the G20/OECD Inclusive Framework on Base Erosion and Profit Shifting (the "Inclusive Framework") issued a statement calling for a finalization of the text of the Pillar One multilateral convention (MLC) by the end of March 2024 with a view to holding a signing ceremony by the end of June 2024. ▪ On 16 October 2020, the Spanish law (the Law) on DST was published in the Spanish Official Gazette after its prior approval by the Spanish Congress and Senate ▪ On 14 January 2021, the US Trade Representative (USTR) published the results of the investigations of the Spanish DST, concluding that the features of Spanish DST are unreasonable, discriminatory and challenging. Nonetheless, no retaliatory measures were imposed. ▪ During the Q1 of 2021, the Spanish Tax Authorities (STA) started to require information to companies potentially subject to the Spanish DST, regarding income received and payments made in FY20 for services that could be included in any of the 3 categories of online services regulated as taxable events of DST (i.e. online advertising services, online intermediation services, data transfer services). ▪ On 31 May 2021, the Basque Tax Authorities approved their own DST regulations. Because of constitutional rights, the three provinces included in this region have the right to regulate their own taxes so they approved their own DST regulation as well as their corresponding DST forms to be filled in each of the territories. These regulations have been applicable from 2Q 2022 onwards (this is, for filing obligations with a deadline after 1 July 2022). Additionally, on 20 October 2022, Navarra, another region with constitutional rights to approve its own tax regulation, also approved the DST regulations applicable in its territory. The DST regulations approved by each of the referred regions do not change the main aspects of the DST regulation of the Spanish central territory but instead of submitting only one tax form, companies need to submit five different tax forms, one for each of the three Basque provinces, another one for Navarra and the last one for the rest of Spain. In this regard, companies must declare in each tax form the revenues concerning to the users of the digital services that are located in each of the referred territories or in the rest of the Spanish territory. ▪ On 9 June 2021, Royal Decree 400/2021, whereby allocation of users' devices and formal obligations with regards to the Digital Services Tax (DST) is developed has been published in the Spanish Official Gazette The regulation develops two aspects of the tax: (i) the mechanisms for locating users' devices and (ii) the formal (ii) the formal obligations (the keeping of registers, the preparation of a descriptive report and the and the establishment of systems, mechanisms or agreements for the location of the users). ▪ On 10 June 2021, the Ministry of Finance published the draft interpretative Resolution of the General Directorate of Taxes regarding the DST. A text widely demanded by the business sector, which aims to establish interpretative and clarifying criteria for the application of the DST. This draft has been subject to a public information and audience process until 21 June 2021.

	▪ On 11 June 2021, Order HAC/590/2021 was published, approving the tax form 490 and determining the form and procedure for its submission. This Order confirms the deadlines for the filing of tax returns of the first and second quarter returns, which must be filed and paid between 1 July to 2 August 2021. ▪ On 21 October 2021, a Joint Statement from Austria, France, Italy, Spain, the UK and the US was released describing a compromise reached by the countries on a transitional approach to the treatment of existing digital services taxes (DSTs) and other relevant similar measures during the interim period before new OECD Pillar One rules come into effect. ▪ Under the compromise, the five European countries, which are not required to withdraw their existing DST regimes until Pillar One takes effect, have agreed to allow a portion of taxes accrued by a multinational enterprise (MNE) under their DSTs or any other unilateral measures before Pillar One takes effect to be credited against the MNE's future Pillar One Amount A tax liability when Pillar One rules are in effect. The US has agreed to terminate its proposed trade actions against the five countries with respect to their existing DSTs and commits not to impose further trade actions with respect to such countries and their DSTs during this interim period. Finally, the six countries are to remain in close contact to ensure there is a common understanding of the agreement and to endeavor to resolve any differences of view. ▪ During FY22 the STA have started to carry out some tax audits to Companies which have been registered in Spain for DST purposes.
Scope	DST is imposed on the provision of the following digital services: ▪ The placing on a digital interface of advertising targeted at users of that interface (online advertising services) ▪ Services consisting in making available multi-sided digital interfaces to users that allow them to find other users and to interact with, and which may also facilitate the provision of underlying supplies of goods or services directly among users (online intermediation services) ▪ The transmission of data collected about users that has been generated from such users' activities on digital interfaces (data transfer services)
Rate	3% of gross revenues from Spanish in-scope activities above threshold
Thresholds	Worldwide revenues of EUR750 million per annum, with a total amount of taxable revenues obtained in Spain exceeding EUR3 million per annum
Exclusions	In addition to the relevant EU compromise text exclusions; intragroup transactions when there is a direct or indirect participation of 100%, regulated financial services rendered by regulated financial entities, and income derived from the transfer of data by regulated financial entities
Effective date	Three months following the publication of the Law in the Spanish Official Gazette, i.e., as of 16 January 2021.

EY Global Tax Alerts	▪ The outlook for global tax policy and controversy in 2023: Jurisdiction reports: Spain (23 March 2023) The outlook for global tax policy and controversy in 2023 now available! (ey.com) ▪ The Latest on BEPS and Beyond (July 2023) ey-the-latest-on-beps-and-beyond-july-2023-edition.pdf ▪ Six country Joint Statement on transitional approach to existing unilateral measures during period before Pillar One is in effect (25 October 2021) ▪ USTR announces 25% punitive tariffs on six specific countries in response to their Digital Services Taxes; Suspends tariffs for 180 days (4 June 2021) ▪ USTR proposes 25% punitive tariff on Austrian, Indian, Italian, Spanish, Turkish and UK origin goods in response to each country's DST; Terminates investigations for Brazil, Czech Republic, EU and Indonesia | EY – Global (29 March 2021) ▪ USTR releases findings of Section 301 investigation on DST regimes of Austria, Spain and the UK, and 301 findings on Vietnam's currency valuation practices | EY – Global (21 January) ▪ Spain delays first reporting of Digital Services Tax and Financial Transaction Tax (20 January 2021) ▪ Spanish DST is enacted, effective 2021 (16 October 2020) ▪ USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions (4 June 2020) ▪ Spain sends 2020 bill on Digital Services Tax to Parliament for approval (3 March 2020) ▪ Spanish Parliament rejects 2019 State Budget Bill; government calls for elections (15 February 2019)
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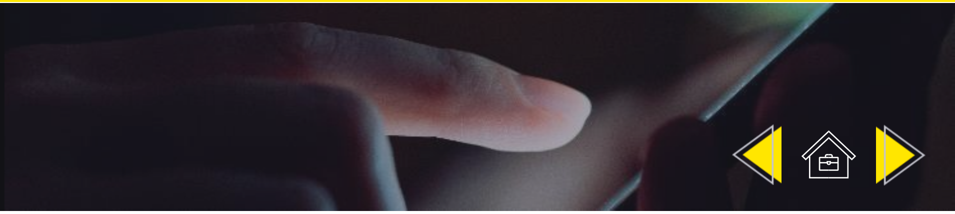
23. Taiwan

Status	▪ Starting from 1 May 2017, for foreign e-commerce operators (FECOs) who have no fixed place of business in Taiwan and provide e-commerce services to domestic individuals, such FECOs shall register for the VAT purpose in Taiwan if their annual business-to-consumer (B2C) sales amount exceed NTD480,000. The VAT will be computed based on an applicable tax rate of 5% and shall be filed on a bimonthly basis. ▪ Following the regulation above, FECOs should issue cloud government uniformed invoices (GUIs – formal VAT invoices in Taiwan) to domestic purchasers starting from 2019. FECOs that fail to issue cloud GUIs would be imposed penalties after 1 January 2020.
Scope	▪ E-commerce services sold to individuals (B2C transactions) in Taiwan are defined as below: ▪ Services provided via internet with the download or storage onto computers or mobile devices ▪ Services provided via internet without the download or storage onto computers or mobile devices ▪ Services provided via internet or other electronic methods
Rate	5% (VAT rate) of gross revenues for the e-commerce services sold to individuals (B2C transactions) in Taiwan, which is a VAT levied on FECOs generating B2C revenues in Taiwan.
Thresholds	FECOs shall register for the VAT purpose in Taiwan if their annual B2C sales amount exceed NTD480,000. Thus, if the annual B2C sales amount does not exceed NTD480,000, the FECOs do not need to register for the VAT purpose in Taiwan and file/pay the VAT.
Exclusions	FECOs shall register for the VAT purpose in Taiwan if their annual B2C sales amount exceeds NTD480,000. Thus, if the annual B2C sales amount does not exceed NTD480,000, the FECOs do not need to register for the VAT purpose in Taiwan and file/pay the VAT.
Effective date	1 May 2017
EY Global Tax Alerts	▪ Taiwan's uniform invoice regulations require action by foreign e-commerce operators (29 Jan 2019) ▪ Taiwan issues ruling on new tax guidelines on cross-border e-commerce transaction (4 May 2017) ▪ Taiwan issues new tax guidelines on cross-border e-commerce transactions to be effective from 1 May 2017 (22 March 2017)



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24. Tanzania

Status	▪ Digital Service Tax (DST) is charged on gross payments made to a non-resident person who provides electronic services to a resident individual other than in conducting business. ▪ "Gross payment" means a total amount of payment, excluding value added tax, derived by a non-resident person from an individual, other than a payment made in the course of conducting a business, in respect of electronic services. ▪ Electronic services are defined to mean any of the following services provided or delivered through a telecommunications network: websites, web-hosting, or remote maintenance of programs and equipment; software and the updating thereof; Images, text, and information; access to databases; self-education packages; music, films, and games, including gaming activities; political, cultural, artistic, sporting, scientific, and other broadcasts and events including broadcast television; as well as online intermediation and online advertisement services. On 11 June 2021, Order HAC/590/2021 was published, approving the tax form 490 and determining the form and procedure for its submission. This Order confirms the deadlines for the filing of tax returns of the first and second quarter returns, which must be filed and paid between 1 July to 2 August 2021. ▪ Income tax is imposed on non-resident persons who receive payments in respect of electronic services that have a source in Tanzania from individuals, other than payments made in the course of conducting business. The tax is charged at 2% of gross payment. ▪ A non-resident provider of electronic services shall be required to make an online application for registration to the Commissioner General. ▪ Returns for tax on electronic services shall be filed by the 20th Day of the month following the month to which the payments relate.
Scope	▪ DST requirements are applicable on non-commercial related payments that have a source in Tanzania, made by individuals to non-resident persons as a consideration for electronic services The non-resident person who provides electronic services shall be required to make registration via the e-filing portal. ▪ The non-resident person is required to file a return accompanied with the tax payable in respect of electronic services rendered in the tax period. The return is due for filing on or before the twentieth day after the end of the month to which the payment relates. ▪ The tax payable shall be deposited to a bank account designated by the Commissioner General in Tanzanian shilling or its equivalent convertible currency at the Bank of Tanzania's prevailing exchange rate on the date of payment. ▪ According to the Income Tax (Registration of Non-Resident Electronic Service Suppliers) Regulations 2022, electronic services provided or delivered through the Internet or any other electronic means include: ▪ Websites, web-hosting or remote programs and equipment: (i) search engines and automated helpdesk services; (ii) customizable search engine services; and (iii) downloadable digital content including downloadable mobile applications, e-books and films ▪ Software and updating thereof: (i) application software; (ii) system software; (iii) drivers; (iv) filters and firewalls; and (v) plugins

- Images, texts or information: (i) desktop themes; (ii) photographic images; (iii) pictorial images; (iv) screensavers; and (v) any right to view any item listed under this paragraph above
- Access to data: (i) subscription media (i.e. news, magazines, journals, periodicals and publications, blogs, databases, information system services, games, Internet-based auction services, social networking services, webcasts, webinars, websites, web applications); (ii) electronic data management (i.e. online data warehousing, file sharing and cloud storage services); (iii) sharing and gig economic services including transport hailing services or platforms; and (iv) electronic booking or electronic ticketing services
- Self-education packages: (i) distance teaching programs; (ii) educational webcasts; (iii) Internet-based courses; (iv) Internet-based education programs; (v) webinars; and (vi) digitized content of any book or electronic publication
- Music, film and games including gaming activities: (i) audio clips; (ii) broadcasts not simultaneously broadcast over any conventional radio network; (iii) jingles; (iv) live streaming performances; (v) ringtones; (vi) songs; (vii) broadcasts not simultaneously broadcast over any conventional television network in mainland Tanzania; (viii) documentaries; (ix) homemade videos; (x) streaming services; (xi) movies; (xii) music videos; (xiii) program; (xiv) television series; (xv) video clips; (xvi) sound effects; and (xvii) games and games of chance; and
- For political, cultural, artistic, sporting, scientific and other broadcasts and events including broadcast television.
- Online intermediation services, digital intermediary services excluding taxi hailing services.
- Online advertisement service, through-(aa) news, magazines, journals, periodical publication; (bb) blog; (cc) database; (dd) information system services; (ee) social networking services; and (ff) webcast, webinar, website, web application or web.
- Effective from 1 July 2024, DST regime has been extended to cover digital content creation as well as digital assets.
- A "digital content creator" is defined as a person who produces digital content in formats that can be shared using a digital medium or platform over the internet. On the other note, "digital content" means any electronic content that may be downloaded, streamed or accessed in any other manner, including e-books, magazines, news, journals, periodical, database, music, movie, software, mobile phone applications, images, text, sound effects, website, webinar, webcast, which is not simultaneously broadcasted over any conventional radio or television network in the United Republic.
- A "digital asset" is defined to mean:
  - Anything of value that is not tangible including crypto-currencies, token code, number held in digital form and generated through cryptographic means or any other means, by whatever name called, providing a digital representation of value exchanged with or without consideration that can be transferred, stored or exchanged electronically; or
  - A non-fungible token or any other token of similar nature.
- The term "payment" for purposes of digital assets means the gross fair market value considered received or receivable at the point of exchange or transfer of a digital asset.

Rate	▪ Income Tax: 2% of the gross payment.
	▪ Value Added Tax (VAT): 18% of the services rendered
	▪ Withholding tax (WHT):
	  ▪ 5% on payments made to a resident digital content creators.
	  ▪ 3% on payments made to a resident person in respect of exchange or transfer of the digital asset.

Thresholds	No threshold has been set for DST compliance.
Exclusions	Payments made by individuals for business purposes. However, payments made in connection with digital assets or digital contents will be subject to WHT on the specified tax rate.
Effective date	▪ First became effective on 1 July 2022 with additional amendments effective from 1 July 2023. ▪ Withholding tax on payments in relation to digital assets and digital content creators are effective from 1 July 2024.
EY Global Tax Alerts	▪ Tanzania's recent amendments on taxation of electronic services – 2023 (13 July 2023) ▪ Tanzania's-president assents to Finance Act 2022 (14 July 2022) ▪ Tanzania issues regulations on taxation of electronic services (21 July 2022) ▪ Tanzanian Finance Act, 2023 analysis | EY - Global (13 July 2023) ▪ Tanzanian Finance Act, 2024 makes changes affecting businesses and individuals (ey.com).
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25. Tunisia

Status	▪ Pursuant to Article 27 of the Finance Act for the year 2020, companies that are not resident in Tunisia that sell computer software and internet-based services are subject to a royalty of 3% on the turnover earned with resident individuals and corporate entities. ▪ Non-resident companies affected by these provisions should proceed with filing their turnover on a quarterly basis. Reporting and payment procedures will be established by a governmental decree. ▪ As of 11 November 2024, the governmental decree that should have been issued to apply the law provisions is not yet published.
Scope	Companies non-resident in Tunisia selling computer software and internet-based services
Rate	3%
Thresholds	Not yet specified
Exclusions	Not yet specified
Effective date	1 January 2020
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26. Turkey

Status	▪ On 15 February 2023, a joint statement was issued between the United States and Austria, France, Spain, Italy and the United Kingdom, which agreed to extend the suspension of digital services taxes until 30 June 2024 (when it was hoped that the Pillar One MLC would have been signed). At the date of this document the signing has not occurred yet. ▪ On 12 March 2024, the US also agreed with Turkey to suspend its digital services tax until the same date. The US Treasury Department published a new joint statement announcing the extension of the compromise agreement to include Turkey. ▪ On 18 December 2023, the G20/OECD Inclusive Framework on Base Erosion and Profit Shifting (the "Inclusive Framework") issued a statement calling for a finalization of the text of the Pillar One multilateral convention (MLC) by the end of March 2024 with a view to holding a signing ceremony by the end of June 2024. ▪ On 12 September 2023, Turkish Constitutional Court's decision annulling paragraph 2 of article 7 of the Digital Services Tax Law No. 7419 (DST Law) was published in the Turkish Official ▪ Gazette. The rule which allows to block access to the services offered by digital service providers who do not fulfil their tax-related obligations, was annulled by the Turkish Constitutional Court on the grounds that such rule is against the Turkish Constitution. In its decision, Turkish Constitutional Court stated that the rule that allows to block access to digital services limits the freedom of enterprise of digital service providers and concluded that the limitation imposed with the rule is disproportionate and violated the principle of proportionality. The annulment decision will enter into force nine months after its publication in the Official Gazette (12 September 2023). ▪ As per the DST Law, the Turkish tax authority requests independent certification reports from digital service providers who exceed the local threshold (20 million Turkish Liras) but claim to be exempt from the DST due to fact that they do not exceed the global revenue threshold of EURO750m. ▪ On 22 November 2021, the US reached a political agreement with Turkey regarding the treatment of DSTs during the interim period prior to full implementation of the OECD's Pillar One agreement. Under this agreement, and consistent with an earlier agreement concluded between the US, Austria, France, Italy, Spain, and the UK, Turkey will remove its existing DST prior to the entry into force of Pillar One and DST liabilities that companies accrue during the interim period will be creditable against future income taxes accrued under Pillar One. In return, the US will terminate the currently suspended additional duties on goods from Turkey that had been adopted in the DST Section 301 investigation. ▪ On 2 June 2020, the US Trade Representative (USTR) announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the UK. These investigations were concluded in January 2021 when the USTR concluded that each of the DST regimes discriminates against US companies, is inconsistent with prevailing principles of international taxation and restricts US commerce. On 2 June 2021, the US Trade Representative announced the imposition of 25% punitive tariffs on goods from Austria, India, Italy, Spain, Turkey, and the UK in response to the countries' Digital Services Tax (DST) regimes.1 In the same announcement, the USTR suspended the imposition of tariffs for 180 days, with collection of the duties not beginning until 29 November 2021 in an effort to provide additional time for the ongoing multilateral negotiations among the nations regarding international taxation at the OECD

	▪ A DST has been levied for the first time in Turkey. DST return filings and payments for the first taxation period (March 2020) have been made by taxpayers' subject to the DST who exceed the thresholds in 2019 accounting period. Filings and payments were made through the following link: digitalservice.gib.gov.tr by the last day of April. ▪ On 20 March 2020, General Communiqué on the Implementation of the Digital Services Tax ("DST Communiqué") was published in the Official Gazette, effective from 1 March 2020. ▪ On 5 February 2020, the Turkish government published the Draft DST Communiqué. Draft DST Communiqué was updated on 28 February 2020 and republished on the website of the Turkish Revenue Administration. Draft DST Communiqué clarifies how the scope of DST would apply by providing several examples and explanations. As revised, storage of digital data on online platforms, tickets sold in the digital environment that provides the right to use services to an actual presentation (e.g., cinema, transport, concerts) and software activation that is required for a sold product to operate (and is incorporated within the product) are now out of scope of the DST. Some companies that provide a digital environment with which users can interact are also in scope. Companies that mediate the sale of various culture, art, sports and transport, as well as companies that provide a platform for people to share professional careers and professional interests are now in scope of the DST. ▪ On 5 December 2019, the Turkish Parliament enacted Law no.7194, which provides for a DST. This law was published in the Official Gazette on 7 December 2019 and the DST will enter into force as of 1 March 2020. ▪ On 24 October 2019, the Turkish government submitted an initial bill that would introduces a DST into Turkish tax legislation. The bill proposes a DST at a rate of 7.5% on gross revenues and sets forth the scope of the tax, the taxpayers and exemptions.
Scope	Services in scope are as follows: ▪ All types of advertisement services provided through digital platforms (including advertisement control and performance measurement services, as well as data transmission and management services concerning users, and technical services for providing advertisements) ▪ The sale of all types of auditory, visual or digital contents on digital platforms (including computer programs, applications, music, videos, games, in-game applications, etc.) and services provided on digital platforms for listening, watching, playing of this content or downloading of the content to the electronic devices or using of the content in these electronic devices ▪ Services related to the provision and operation services of digital platforms where users can interact with each other (including services relating to the sale or facilitation of the sale of goods or services among users) ▪ Intermediary services of digital service providers on digital platforms are subject to DST, as well. ▪ If a digital service provider fails to comply with provisions of the tax, there would be irregularity fines. However, there is a specific sanction for failure to comply with the registration. In this case of noncompliance, the Ministry of Treasury and Finance with cooperation may block access to the services provided by these service providers until the obligations are fulfilled. The blockage of access will be executed by the Information and Communication Technologies Authority in Turkey upon the notification form the Ministry of Treasury and Finance.

Rate	7.5% on gross revenues. The President retains the authority to reduce the rate to 1% or double it from 7.5% in relation to specific services.
Thresholds	EUR750 million in global revenues and TRY20 million (approximately US$600 thousand in 2024) in local revenues
Exclusions	▪ Services that are subject to "treasury duty" paid in accordance with the Telegram and Telephone Law ▪ Services that are subject to the "special communication tax" ▪ Services within the scope of Article 4 of the Banking Law no.5411 ▪ Payment services within the scope of Article 12 of the Law on Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions ▪ Sales of products and services provided exclusively through these products developed because of research and development (R&D) activities in R&D centers that are defined under Article 2 of the Law on Supporting Research, Development and Design Activities dated 28 February 2008, no.5746
Effective date	1 March 2020
EY Global Tax Alerts	▪ Turkey-announces-joint-statement-with-the-United-States-on-unilateral-measures-compromise-digital-services-tax (23 November 2021) ▪ USTR proposes 25% punitive tariff on Austrian, Indian, Italian, Spanish, Turkish and UK origin goods in response to each country's DST; Terminates investigations for Brazil, Czech Republic, EU and Indonesia | EY - Global (29 March 2021) ▪ USTR releases findings of Section 301 investigation on DST regimes of Austria, Spain and the UK, and 301 findings on Vietnam's currency valuation practices (21 January 2021) ▪ USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions (4 June 2020) ▪ Turkey collects Digital Services Tax payments (6 May 2020) ▪ Turkey updates draft DST Communiqué (28 February 2020) ▪ Turkey's 7.5% Digital Services Tax to be effective 1 March 2020 (15 January 2020) ▪ Turkey introduces Digital Services Tax (25 October 2019) ▪ USTR releases findings of Section 301 investigation on DST regimes of Austria, Spain and the UK, and 301 findings on Vietnam's currency valuation practices (21 January 2021) ▪ On November 22, 2021, the United States and Türkiye decided that the same terms of the October 21 Joint Statement that apply under the Unilateral Measures Compromise would apply as between the United States and Türkiye with respect to Türkiye's Digital Service Tax and the United States' trade actions regarding the Digital Service Tax (the "November 22 Joint Statement").

	▪ On February 15, 2024, the six countries (the United States, Austria, France, Italy, Spain, and the United Kingdom) decided to extend the political compromise set forth in the October 21 Joint Statement until June 30, 2024. That decision is reflected in the joint statement (the "Updated October 21 Joint Statement") that was issued by those six countries on February 15, 2024.
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27. Uganda

Status	▪ The Amendment Act 2023 introduced a digital services tax at the rate of 5% on payments to non-residents providing digital services to customers in Uganda. ▪ Income is derived from providing a digital service in Uganda to a customer in Uganda, if the digital service is delivered over the internet, electronic network or an online platform. ▪ A non-resident person that provides qualifying services is required to lodge a tax return with the Commissioner General within fifteen days after the end of each month in which the qualifying services are rendered. On 20th October 2023, the Uganda Revenue Authority issued a public notice clarifying that digital service tax is payable by the 15th day after the end of the calendar quarter with effect from 01st July 2023.
Scope	▪ Income is derived from providing a digital service in Uganda to a customer in Uganda if the digital service is delivered over the internet, electronic network or an online platform. ▪ "Digital service" includes: ▪ Online advertising services ▪ Data services ▪ Services delivered through an online marketplace or intermediation platform, including an accommodation online market place, a vehicle hire online market place and any other transport online market place; ▪ Digital content services, including accessing and downloading of digital content ▪ Online gaming services ▪ Cloud computing services ▪ Data ware housing ▪ Services, other than those services in this subsection, delivered through a social media platform or any internet search engine and ▪ Any other digital services as the minister may prescribe by statutory instrument made under this act
Rate	Digital Services Tax at 5% of the gross payment
Thresholds	There is no threshold

Exclusions	None
Effective date	1 July 2023
EY Global Tax Alerts	Uganda issues Tax Amendment Bills for 2023 (2 May 2023)
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28. Ukraine

Status	▪ In 2021, Ukraine has amended its tax law, introducing VAT on qualifying electronic services supplied by non-established foreign vendors to the Ukrainian private individuals (Law of Ukraine No. 1525-IX of 03.06.2021). ▪ If a non-resident service provider reached the registration threshold in the relevant calendar year, it would have to register for VAT before 31 March of the following year, start charging VAT to Ukrainian private customers after the date of registration, as well as submit quarterly VAT returns to UA tax authorities. ▪ Notwithstanding full-scale Russian invasion, practical application of new VAT rules began in 2022, with many major foreign service providers having registered for VAT at that time. ▪ Ukrainian tax authorities maintain a special online portal solution, enabling non-resident providers of VAT-able electronic services to register for VAT, submit VAT returns, communicate with the tax authorities, as well as to review VAT guidance and clarifications from the authorities. Yet, enforcement practice of the new VAT rules (including court practice) remains somewhat limited in many aspects.
Scope	▪ Under Ukraine's tax law, where a non-resident service provider supplies electronic services to Ukrainian private customers (including individual entrepreneurs who are not registered for VAT), such services would be subject to VAT in Ukraine. ▪ The person liable for VAT would be the non-resident service provider (who does not operate through the PE in Ukraine) supplying services to UA private customers. At the same time, a non-resident does not fall under the definition of the VAT payer (i.e., DST VAT rules do not apply), where such non-resident: ▪ Supplies electronic services under intermediary agreements, if the invoices provided to customers define a list of electronic services and their actual provider ▪ Only processes payments for electronic services, but does not actually participate in the provision of electronic services ▪ Supplies electronic services directly through its permanent establishment in Ukraine (in this case, general VAT rules apply). ▪ Transaction qualifying as VAT-able electronic services include the following (list is non-exhaustive): ▪ Supply of electronic copies, granting access to images, texts and information ▪ Providing access to databases ▪ Supply of electronic copies and/or provision of access to audiovisual works, video and audio on demand, games, including supply of services on participation in such games, supply of services for access to TV programs (channels) or their packages, except for access to TV programs simultaneously with their broadcasting via the television network ▪ Access granted to information, commercial, entertainment electronic resources and other similar resources ▪ Supply of distance learning services via the Internet, which do not require human participation (with certain exceptions)

	▪ Supply of cloud services where it relates to provision of computing, storage resources or electronic communications systems using cloud computing technologies ▪ Supply of software and updates to it, including electronic copies, provision of access to them, as well as remote maintenance of software and electronic equipment ▪ Provision of advertising services on the Internet, mobile apps and other electronic resources, providing advertising space. ▪ For VAT purposes, electronic services are deemed supplied where the service recipient is located. Where such services are supplied to an individual entrepreneur, the place of supply would be where such entrepreneur is registered as a business (i.e., Ukraine).
Rate	20% (VAT)
Thresholds	A non-resident is obliged to register as a VAT payer if its annual volume of VAT-able supplies of electronic services to Ukrainian private individuals has exceeded UAH 1 million.
Exclusions	The following transactions are not considered to be electronic services (the list is exhaustive): ▪ Supply of services ordered via the Internet, where their actual provision is carried out without the use of the Internet (services for the placement, rent of cars, services of food outlets for the supply of products, etc.) ▪ Supply of goods and/or services that do not qualify as "electronic", but embed electronic services if the cost of the latter is included in the total cost of such goods or services ▪ Supply of distance learning services via the Internet, if the Internet is used exclusively as a means of communication between the teacher and the listener ▪ Supply of copies of works in the field of science, technology, art on material media ▪ Supply of consulting services via email ▪ Supply of internet access services
Effective date	1 January 2022 (deadline for VAT registration of non-residents who reached the threshold in 2021, was 31 March 2022).
EY Global Tax Alerts	Introduction of VAT on electronic services of non-residents, abolishment of tax on non-residents' income from creation and/or distribution of advertisement

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29. United Kingdom

Status	▪ On 15 February 2023, a joint statement was issued between the United States and Austria, France, Spain, Italy and the United Kingdom, which agreed to extend the suspension of digital services taxes until 30 June 2024 (when it was hoped that the Pillar One MLC would have been signed). At the date of this document the signing has not occurred yet. ▪ On 12 March 2024, the US also agreed with Turkey to suspend its digital services tax until the same date. The US Treasury Department published a new joint statement announcing the extension of the compromise agreement to include Turkey. ▪ On 18 December 2023, the G20/OECD Inclusive Framework on Base Erosion and Profit Shifting (the "Inclusive Framework") issued a statement calling for a finalization of the text of the Pillar One multilateral convention (MLC) by the end of March 2024 with a view to holding a signing ceremony by the end of June 2024. ▪ On 21 October 2021, a Joint Statement from Austria, France, Italy, Spain, the UK and the US was released describing a compromise reached by the countries on a transitional approach to the treatment of existing digital services taxes (DSTs) and other relevant similar measures during the interim period before new OECD Pillar One rules come into effect. ▪ Under the compromise, the five European countries, which are not required to withdraw their existing DST regimes until Pillar One takes effect, have agreed to allow a portion of taxes accrued by a multinational enterprise (MNE) under their DSTs or any other unilateral measures before Pillar One takes effect to be credited against the MNE's future Pillar One Amount A tax liability when Pillar One rules are in effect. The US has agreed to terminate its proposed trade actions against the five countries with respect to their existing DSTs and commits not to impose further trade actions with respect to such countries and their DSTs during this interim period. Finally, the six countries are to remain in close contact to ensure there is a common understanding of the agreement and to endeavor to resolve any differences of view. ▪ On 22 July 2020, the UK's Digital Services Tax was enacted as part of the Finance Act 2020. It is effective as from 1 April 2020. Subsequently, on 10 August 2020, the tax authority (HMRC) updated the Digital Services Tax Manual and added a list of countries that have taxes that are considered to be similar to the UK DST for the purposes of cross-border relief.

Scope	▪ The UK DST applies from 1 April 2020 and is payable annually, nine months after relevant accounting period. The legislation is included in Finance Act 2020, which received Royal Assent on 22 July 2020. The UK tax authority published its DST manual on 19 March 2020, which explains the structure and details of the UK DST. This manual includes: what is meant by digital services activity and revenue, definitions of a user and identifying revenue of UK users, detail on the role and responsibilities of the responsible member, as well as further details of the administration and compliance framework that applies for DST. There have been updates to the manual since its publication, including the definition of online services, the compliance framework and the list of countries that have taxes that are considered to be similar to the UK DST for the purposes of cross-border relief. In March 2021, HMRC made further changes to the DST manual, introducing a section on the compliance framework, updating the guidance on submitting returns for groups with non-GBP consolidated accounts and adding Spain to its list of countries with similar DST (for which cross-border relief would be allowed). ▪ Further, from 14 June 2022, the Malaysian Service Tax on Digital Services by Foreign Service Providers is no longer considered by HMRC to be similar to the UK DST for the purposes of cross-border relief. Any claims for cross-border tax relief made before 14 June 2022 will be honored, but no new claims for relief relating to this tax will be accepted.In August 2024, HMRC updated the DST manual to confirm that for the purposes of DST cross-border relief, HMRC considers the Canadian DST to be similar to the UK DST.
Rate	2% of gross revenues from UK in-scope activities above threshold; however, taxpayers may apply an alternative calculation method calculated based on operating margin in respect of in-scope activities where they are loss- making or have a very low profit margin
Thresholds	▪ £500m revenues from in-scope activities provided globally and £25m of revenue from in-scope activities provided to UK users per 12-month accounting period. The first £25m of revenues is not subject to the tax. £500m and £25m thresholds are applied to total revenues arising to a group from in-scope activities, rather than on an activity by activity basis. ▪ The group upon which the thresholds are tested is determined by reference to accounting consolidation principles.
Exclusions	Provision of an online marketplace by a financial services provider where upwards of 50% of revenues relate to the creation/trading of financial assets
Effective date	1 April 2020

EY Global Tax Alerts	▪ Six country Joint Statement on transitional approach to existing unilateral measures during period before Pillar One is in effect (25 October 2021) ▪ USTR releases findings of Section 301 investigation on DST regimes of Austria, Spain and the UK, and 301 findings on Vietnam's currency valuation practices | EY - Global (21 January 2021) ▪ USTR proposes 25% punitive tariff on Austrian, Indian, Italian, Spanish, Turkish and UK origin goods in response to each country's DST; Terminates investigations for Brazil, Czech Republic, EU and Indonesia | EY - Global (29 March 2021) ▪ USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions (4 June 2020) ▪ UK releases draft clauses and guidance on Digital Services Tax (12 July 2019) ▪ UK proposes Digital Services Tax: unilateral measure announced in Budget 2018 (5 November 2018) ▪ USTR announces 25% punitive tariffs on six specific countries in response to their Digital Services Taxes; Suspends tariffs for 180 days (4 June 2021)
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30. United States

29.1. United States Federal

Status	▪ On 15 February 2023, a joint statement was issued between the United States and Austria, France, Spain, Italy and the United Kingdom, which agreed to extend the suspension of digital services taxes until 30 June 2024 (when it was hoped that the Pillar One MLC would have been signed). At the date of this document the signing has not occurred yet. ▪ On 12 March 2024, the US also agreed with Turkey to suspend its digital services tax until the same date. The US Treasury Department published a new joint statement announcing the extension of the compromise agreement to include Turkey. ▪ On 18 December 2023, the G20/OECD Inclusive Framework on Base Erosion and Profit Shifting (the "Inclusive Framework") issued a statement calling for a finalization of the text of the Pillar One multilateral convention (MLC) by the end of March 2024 with a view to holding a signing ceremony by the end of June 2024. ▪ The imposition of a national DST and other federal taxes on the digital economy continue to be met with opposition from a divided US Congress. For the OECD's multilateral convention (MLC) to take effect in the US, two-thirds of the US Senate would need to ratify it, and Congressional Republicans remain opposed to the agreement. However, the Biden administration continues to push for adoption of the Two-Pillar solution. On 19 July 2023, the Deputy Assistant Secretary for International Tax Affairs in the US Department of the Treasury testified before Congress in support of BEPS 2.0. Deputy Assistant Secretary Plowgian stated that "[i]t goes without saying that Pillar One and Pillar Two can only be implemented in the US with the support of Congress. We hope to have a complete Pillar One package soon and intend to continue to seek input."
Scope	N/A
Rate	N/A
Thresholds	N/A
Exclusions	N/A
Effective date	N/A

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29. United States

29.2. United States Maryland

Status	▪ Effective 1 January 2022, a new tax applies to the provision of "digital advertising services" in Maryland. ▪ The tax is the subject of two legal challenges: one in federal court and one in state court. The federal suit was largely dismissed on 4 March 2022 on grounds that it was barred by the federal Tax Injunction Act (28 U.S.C. § 1341). On 17 October 2022, the Circuit Court for Anne Arundel County (Maryland) ruled that the tax was unconstitutional and illegal under federal law. However, on 9 May 2023, the Maryland Supreme Court ruled that the taxpayers had failed to exhaust their administrative remedies before bringing suit in the state courts and dismissed the case. The taxpayers are expected to refile their challenge in the state's Tax Court (an administrative agency). ▪ At least five states – Connecticut, Massachusetts, Montana, New York and Texas – have introduced or considered similar or identical measures and are likely awaiting the outcome of the Maryland challenge before seeking to advance legislation. New Mexico, on 9 August 2022, issued proposed regulations explaining that the state's gross receipts (sales) tax applies to providers of digital advertising services whose digital platform may be accessed or viewed from within New Mexico. Notably, the proposed regulations specifically stated that the tax levied on those advertising receipts "does not impose an unconstitutional burden on interstate commerce. "Revised regulations that address sourcing methodologies are expected to be released in late-2023, but the New Mexico Taxation and Revenue Department maintains that the services are, and have always been, taxable. ▪ Effective 14 March 2021, Maryland's sales and use tax applies to electronically delivered software and software-as-a-service (SaaS) transactions. Notable exceptions include any software or SaaS products that require customization (i.e., do not work as intended "out-of-the-box") or software/SaaS products used for commercial purposes in an enterprise environment. The latter exception was enacted by the Maryland legislature, to be effective 1 July 2022; however the Maryland Comptroller has indicated that the exception has retroactive effect to 14 March 2021.
Scope	▪ The tax applies to revenue derived from digital advertising services in Maryland, as determined by where the services are consumed (based on the location of the device used to view the digital advertising). Revenue is apportioned using a worldwide, device-based factor, the numerator of is the number of devices that accessed the digital advertising ▪ Services from a location in Maryland, and the denominator of which is the number of devices that accessed the digital advertising services from any location ▪ Device location is determined by the taxpayer using the totality of the data within their possession or control, including both technical information (e.g., IP address information; geolocation; cookies, etc.) and the terms of the underlying contract for digital advertising services. ▪ "Digital advertising services" are defined as "advertisement services on a digital interface, including advertisements in the form of banner advertising, search engine advertising, interstitial advertising and other comparable advertising services."

	▪ "Annual gross revenues" are defined as income or revenue from all sources, before any expenses or taxes, computed according to generally accepted accounting principles. Persons with annual gross revenues derived from digital advertising services within Maryland of at least US$1 million must file a return with the Office of the Maryland Comptroller of Treasury on or before 15 April of the next year. ▪ Persons that reasonably expected their annual gross revenues derived from digital advertising services in the state to exceed that amount must file a declaration of estimated tax on or before 15 April of that year and pay quarterly estimated taxes. ▪ Persons subject to the tax must maintain records of the digital advertising services they provided in the state to substantiate the basis for their apportionment and calculation of the tax owed on digital advertising gross revenues. ▪ Failure to comply with provisions of this new tax will result in criminal penalties, including fines and imprisonment.
Rate	A progressive tax rate schedule applies, ranging from 2.5% of the annual gross revenues derived from digital advertising services in Maryland (i.e., the assessable base) for persons with annual gross revenue of US$100 million through US$1 billion, and to 10% of the assessable base for persons with global annual gross revenues exceeding US$15 billion.
Thresholds	The tax applies to persons that meet both thresholds: ▪ Global revenues of at least US$100 million ▪ At least US$1 million in annual gross revenue derived from digital advertising services within Maryland
Exclusions	None specified
Effective date	1 January 2022
EY Global Tax Alerts	▪ Maryland Governor vetoes new taxes on digital advertising and digital goods, override uncertain (7 May 2020) ▪ Maryland and Nebraska propose taxing revenues from digital advertising (21 January 2020) ▪ Maryland legislature overrides governor's vetoes, enacts new taxes on digital advertising and sales of digital goods (12 February 2021) ▪ Maryland Comptroller proposes regulations for digital advertising tax (August 2021) ▪ Maryland Circuit Court strikes down Digital Advertising Services Tax, citing violations of Internet Tax Freedom Act, Commerce Clause and First Amendment (17 October 2022) ▪ Maryland Supreme Court dismisses taxpayer challenge to state's Digital Advertising Services Tax (10 May 2023)

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29. United States

29.3. United States Puerto Rico

Status	The Governor of Puerto Rico signed Act 52 into law on 30 June 2022 (Act 52-2022). Among other changes, Act 52-2022 amends various provisions of the Puerto Rico Internal Revenue Code (PR Code) to incorporate the term digital products as a taxable item, and to establish the sourcing rules for the sale of digital products.
Scope	Act 52-2022 also defines market facilitator, market seller, digital products, specific digital products and other digital products. Additionally, Act 52-2022 amends the SUT provisions to eliminate the requirement for taxpayers to pay the sales tax on a bimonthly basis. Act 52-2022 establishes that the last month to comply with the requirement to pay the sales tax on a bimonthly basis was June 2022.
Rate	10.5%.
Thresholds	
Exclusions	
Effective date	
EY Global Tax Alerts	Puerto Rico's Act 52 of June 30, 2022 analyzed (24 August 2022)
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30. Vietnam

Status	Vietnam introduces amended tax laws on overseas suppliers conducting business in Vietnam through e-commerce and digital platforms ("Overseas suppliers"), notable changes include: 1) Clarification on which taxpayers who are liable for VAT arising from e-commerce or digital platform-based business carried out by overseas suppliers. 2) New VAT rates applicable to the revenue of these overseas suppliers. 3) Opportunities for claiming input VAT with tax payment documents by the overseas suppliers. 4) Owners of e-commerce and digital platforms with payment functions are required to withhold, declare, and pay tax on behalf of business households and individuals. The Ministry of Finance in Vietnam released Circular 80/2021/TT-BTC on 8 October 2021 regarding the implementation of the country's tax law, including a section on digital tax.
Scope	**Law No. 48/2024/QH15 passed by the National Assembly on 26 November 2024 ("The amended VAT Law") elaborates VAT taxpayers in respect of e-commerce and digital platform-based business activities, including:** ▪ Overseas suppliers without a permanent establishment in Vietnam that conduct e-commerce or digital platform-based business with organizations and individuals in Vietnam. ▪ Organizations that operate foreign digital platforms and are responsible for deducting and paying tax on behalf of Overseas Suppliers. ▪ Business organizations in Vietnam that apply the VAT credit method and purchase services from Overseas Suppliers, and thereby deduct and pay tax on behalf of Overseas Suppliers ▪ Organizations that operate e-commerce trading platforms performing the functions of payment, declaration, and payment of tax on behalf of business households and individuals doing business on the platform. ▪ In addition, the Law indicates that tax payment documents from Overseas Suppliers would be considered valid for purposes of their business customers' claiming input VAT. The Government will provide specific requirements for tax payment documents in a guiding Decree. Law No. 56/2024/QH15 passed by the National Assembly on 29 November 2024 ("The Law on Amendments") revises the Law on Tax Administration, among many other amendments, with provisions relevant to Foreign Suppliers conducting business in Vietnam through e-commerce and digital platforms. The new law stipulates that owner of e-commerce and digital platforms with payment functions, including local and foreign platform owners, are required to withhold, declare and pay taxes on behalf of businesses and individuals. There are certain exceptions in which businesses and individuals are not subject to this withholding scheme and will have to directly register and pay taxes. The guiding Decree will provide further guidance in this regard.

	The rules apply in cases where an overseas business that does not have a Permanent Establishment (PE) in Vietnam carries out the following activities to organizations, or individuals in Vietnam: ▪ E-commerce ▪ Digital platform-based businesses ▪ Oher related services. ▪ The overseas supplier can directly register for tax filings or authorize a Vietnamese party to do so on its behalf. The authorized party is defined to include an organization or a tax agent operating under the laws of Vietnam. ▪ The Circular states that tax payable is calculated on revenue earned by the overseas supplier and different VAT/CIT rates will be applied depending on nature of the activities conducted. Three sources of information are to be used to determine and identify transactions of overseas supplier arising in Vietnam and it is the responsibility of the supplier to retain all related information used for determining Vietnam-sourced income in accordance with the Law on Tax Administration in the event of a future tax audit by the Vietnamese tax authority. ▪ We note that if the overseas supplier comes from a country which has a tax treaty with Vietnam, it may be possible to submit a tax treaty claim for corporate income tax exemption if it can demonstrate it does not operate through a PE in Vietnam. ▪ The Circular also addresses the responsibilities of Vietnamese parties (including Vietnamese counterparties under B2B supplies, and commercial banks/payment-service providers under B2C supplies) in withholding, declaring and paying taxes on behalf of overseas suppliers should the overseas suppliers fail to do so. The Circular has a tax registration and declaration requirement that is imposed with an effect from 1 Jan 2022. The online portal of the Tax Authority went live from 21 Mar 2022 and the overseas suppliers have been successfully declaring tax per the portal.
Rate	▪ VAT: 5%, 3%, 2% or exempt (depending on type of income) as of November 2024 ▪ Under the amended VAT law, the rates are VAT: 10%, 5% or exempt (depending on type of income) from 1 July 2025 ▪ Corporate Income Tax (CIT): 0,1%, 1%, 2%, 5%, 10% (depending on type of income) as of November 2024 ▪ CIT: no proposal for changes 1 July 2025
Thresholds	N/A
Exclusions	N/A

Effective date	1 January 2022 The amended VAT Law becomes effective from 1 July 2025. The Law on Amendments becomes effective from 1 Jan 2025. The withholding tax scheme for businesses and individuals shall be implemented from 1 April 2025.
EY Global Tax Alerts	▪ Vietnam proposes VAT increase on foreign suppliers' e-commerce and digital platform revenue (4 November 2024). ▪ Vietnam releases a Circular on digital tax (29 October 2021) ▪ Vietnam implements taxation of digital transactions (14 July 2020).
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31. Zimbabwe

Status	▪ With effect from 1 January 2020, the supply of radio and television services from outside Zimbabwe to an address in Zimbabwe or of an electronic service by an electronic commerce operator domiciled outside Zimbabwe to a person resident in Zimbabwe shall be deemed to be a supply made in Zimbabwe for VAT purposes, chargeable at the standard rate of 15% from 01 January 2023. Prior to 01 January 2023 the rate was 14,5%The obligation to charge and account for tax shall be that of the supplier or their duly appointed representative in Zimbabwe. Operators are required to appoint a representative taxpayer who will be responsible for accounting for the tax. ▪ With effect from 1 January 2019, Every person who provides services as a satellite broadcasting service or provides or delivers goods and services as an electronic commerce operator which receives revenues in excess of five hundred thousand United States dollars (US$500 000,00) in any year of assessment from the provision or delivery of such services or services to persons resident in Zimbabwe, shall pay tax on such revenues charged and levied at the rate of 5%. ▪ The services are considered to be from a source in Zimbabwe for Income tax purposes, therefore taxable in Zimbabwe. The tax is paid as follows: 25 March for income earned December, January and February, 25 June for income earned in March, April and May; 25 September for income earned in June, July and August and 20 December for income earned in September, October and November. Electronic commerce operator is defined as an operator selling, providing or delivering services from outside Zimbabwe by the use of a telecommunications network or electronic means to customers or users in Zimbabwe. Representative taxpayer should be appointed. The provision does not apply to a foreign company with PE presence. ▪ For goods and services deemed to be supplied from a source within Zimbabwe the supplier, through an appointed representative taxpayer, is responsible for accounting for both VAT and Income Tax. In cases of imported services not covered by the deeming provision, the customer is responsible for accounting for VAT (income tax does not apply). Registration can be done online. In cases of manual registration, five working days may be adequate
Scope	Supply of radio and television services, satellite broadcasting services and electronic services by electronic commerce operators
Rate	▪ VAT - 15% ▪ Income Tax - 5%
Thresholds	▪ Income tax: US$ 500,000 ▪ VAT: US$ 40 000,00 or Equivalent
Exclusions	Not yet specified

Effective date	▪ 1 January 2019 (Income tax) ▪ 1 January 2020 (VAT)
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